United Nations A/C.2/54/SR.1

General Assembly
Fifty-fourth session

Official Records

Distr.: General
20 September 1999

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Second Committee

Summary record of the 1st meeting
Held at Headquarters, New York, on Tuesday, 14 September 1999, at 5.30 p.m.

Temporary Chairman: Mr. Gurirab (President of the General Assembly) ..... (Namibia)

Contents

Election of the Chairman

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99-81312 (E)

The meeting was called to order at 5.30 p.m.

Election of the Chairman

1. **Mr. Asadi** (Islamic Republic of Iran) nominated Mr. Olhaye (Djibouti) for the office of Chairman.

2. In the absence of further nominations and in accordance with rule 103 of the rules of procedure, **the Temporary Chairman** said he would take it that the Committee wished to elect Mr. Olhaye (Djibouti) Chairman.

3. ***Mr. Olhaye*** *(Djibouti) was elected Chairman by acclamation.*

The meeting rose at 5.35 p.m.

United Nations A/C.2/54/SR.2

General Assembly
Fifty-fourth session

Official Records

Distr.: General
14 October 1999
English
Original: French

Second Committee

Summary record of the 2nd meeting
Held at Headquarters, New York, on Wednesday, 29 September 1999, at 10 a.m.

Chairman: Mr. Olhaye ..... (Djibouti)

Contents

Election of officers

Organization of work

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99-81385 (E)

The meeting was called to order at 10.20 a.m.

Election of officers

1. **The Chairman** announced that the Group of Western European and Other States, the Group of Latin American and Caribbean States and the Group of Eastern European States had nominated respectively Mr. Brauzzi (Italy), Mr. Matute (Peru) and Mr. Niculescu (Romania) to the three offices of Vice-Chairman. The Group of Asian States had nominated Mr. Edin A'Ala (Syrian Arab Republic) for the office of Rapporteur.

2. *Mr. Brauzzi (Italy), Mr. Matute (Peru) and Mr. Niculescu (Romania) were elected Vice-Chairmen and Mr. Edin A'Ala (Syrian Arab Republic) was elected Rapporteur by acclamation.*

Organization of work (A/54/250; A/C.2/54/L.1)

3. **The Chairman** said that the meetings should start on time, namely at 10 a.m and 3 p.m. If a speaker was absent, his or her delegation would automatically be placed last on the list of speakers for that meeting.

4. At the fifty-third session, the Second Committee had utilized only 77 per cent of its allocated conference resources and had lost 38 hours owing to late starting and early adjournment of meetings. He hoped that, at the current session, the Committee would be able to improve on those statistics.

5. Based on previous experience, it was proposed that speakers should be limited to 15 minutes for the general debate and 7 minutes for statements under individual agenda items. That would also apply to statements made by agencies, funds and programmes, while introductions by members of the Secretariat would be limited to 10 minutes. Their statements should focus on highlights and priorities and should, if possible, be distributed in advance.

6. The Committee's agenda was based on clusters as laid down in General Assembly resolution 50/227 and on the time-frame in resolution 48/162. The programme of work took into account the availability of reports and, to the extent possible, the presence of the high-level representatives of the Secretariat, agencies, funds and programmes.

7. The Bureau would look into proposals concerning themes and focus for discussion under the clusters of items in accordance with resolution 50/227. The members of the Committee were invited to convey their suggestions to the Bureau. The selection of a theme would not preclude the possibility for delegations of raising other specific issues under the cluster.

8. As indicated in resolution 50/227, the Bureau would meet with the Bureau of the Third Committee to review the respective programmes of work, identify potential areas of overlap and make recommendations to the Committee.

9. As requested in resolution 50/227, draft resolutions would be shorter. For issues of a procedural nature, decisions would be used instead of resolutions. The Bureau would look into the possibility of dealing with related items in omnibus or combined resolutions. Also, in accordance with resolution 50/227, the Committee would at the end of the session review its draft programme for the coming year with a view to rationalizing and simplifying reporting procedures. The deadlines for the submission of draft resolutions would be strictly adhered to.

10. He intended to organize briefings by senior officials, panel discussions on agenda items and keynote addresses. He would also welcome any suggestions from members of the Committee.

11. If he heard no objection, he would take it that the arrangements just described were acceptable to the Committee.

12. *It was so decided.*

13. **The Chairman** drew attention to document A/C.2/54/L.1 and to the actions taken by the General Assembly based on the recommendations contained in the first report of the General Committee (A/54/250) relating to the organization of the work of the General Assembly and its Main Committees.

14. **Ms. Jacoby** (Sweden), speaking on behalf of the six States which had taken the initiative for the convening of the World Summit for Children in 1990 (Canada, Egypt, Mali, Mexico, Pakistan and Sweden), raised the question of the follow-up to the Summit. The General Assembly would consider the arrangements envisaged for its special session in 2001. That issue would be considered by the Committee under the item "Operational activities for development". The six States considered, however, that the follow-up to the Summit should not be confined to the restrictive framework of United Nations operational activities or to the economic issues before the Second Committee. The question also concerned the Third Committee and should accordingly be dealt with by the plenary Assembly, leading to results that would benefit children, during the special session in 2001. She therefore requested the Chairman to write to the President of the General Assembly in order to draw the attention of the General Committee to that question so that

item 101 (a) could be considered both by the plenary and by the Second Committee.

15. **The Chairman** replied that he would write to the President of the General Assembly urging the General Committee to accept that change.

16. *Since he heard no objections, it was so decided.*

17. The draft programme of work in document A/C.2/54/L.1, as orally amended, was adopted.

The meeting rose at 10.45 a.m.

United Nations A/C.2/54/SR.3

General Assembly
Fifty-fourth session
Official Records

Distr.: General
24 November 1999
English
Original: French

Second Committee

Summary record of the 3rd meeting
Held at Headquarters, New York, on Wednesday, 6 October 1999, at 10 a.m.

Chairman: Mr. Olhaye ..... (Djibouti)

Contents

Organization of work

General debate

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99-81430 (E)

The meeting was called to order at 10.25 a.m.

Organization of work (A/C.2/54/1; A/C.2/54/L.1 and A/C.2/54/L.1/Add.1/Rev.1)

1. **The Chairman** said that a change had been proposed in the programme of work (A/C.2/54/L.1). The International Monetary Fund having requested that the morning of 22 October be reserved for the United Nations panel on financial architecture, the Committee would complete its consideration of agenda item 105 in the afternoon. If he heard no objection, he would take it that the Committee approved that change.

2. *It was so decided.*

General debate

3. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs) said that he felt it important, as the century and millennium drew to a close, to review the state of global development. The movement of the world's economy over the previous two years revealed a very significant setback to development. Growth of global output had slowed to some 2 per cent and there was little hope of any substantial improvement in the near term. Developing countries had been worst affected by the slowdown: their growth had dropped by more than half, falling from 5 per cent in 1997 to under 2 per cent in 1998. The picture was even more alarming if India and China, where growth had been maintained, were not included: in 1997, 18 countries had experienced negative growth, but their number had risen to 40 in 1998. In terms of people, that meant that 1.2 billion people were living in developing countries with negative per capita growth, as against barely 140 million in 1996.

4. The numbers showed clearly that the deceleration in growth had hit the developing countries much harder than the rest of the world. That was borne out by the slowing in trade growth: world trade grew by 7.5 per cent in volume terms between 1991 and 1997 but by only 3 per cent in 1998-1999. For the first time since 1991, the dollar export earnings of the developing countries had declined, mainly because of very sharp drops in both oil and non-oil commodity prices. Commodity producing countries, including least developed countries, especially in Africa, had been the hardest hit. For the first time in the post-war period, primary commodities' share of world trade in terms of value had fallen below 20 per cent.

5. Regarding financial flows, net transfers out of developed countries had amounted to some 15 billion dollars. Several factors had been responsible. Firstly, there had been a welcome rise in official development assistance (ODA) and foreign direct investment (FDI) had declined less than might have been expected. Disturbingly, however, private lending other than FDI had fallen by half in 1998 by comparison with 1997 and significant resources had been devoted to debt servicing.

6. The figures he had given showed that while the world economic situation was, contrary to expectations, more stable than in 1998, the recent upheavals had been at the expense of the developing countries. The *World Economic and Social Survey* contained a number of scenarios of relevance in that regard. In particular, it looked at the problem of asset prices, which were exceptionally high and, therefore, due for correction. The Survey sought to assess how a correction in asset prices would affect: consumer and business confidence; monetary policy (through the tightening of credit and interest rates), and global GDP growth.

7. A second factor which needed to be taken into account was the global economy's dependence on the industrial countries, especially the United States of America. The fact that there had not been a recession was attributable principally to mildly inflationary growth in that country, a phenomenon that was in itself a risk factor. Demand needed to be more evenly spread among the developed countries, including Japan, where there were signs of a recovery.

8. It should not be thought that it would be enough at the present stage to fine-tune the global macroeconomic situation. A deeper issue must be tackled, that of how the global economy was managed. It was clear from the upheavals that the crisis had inflicted on developing countries over the past two years that the current economic system was prompt to protect the rich but very tardy in helping the poor. When the mechanism of multilateral cooperation had been put together 50 years previously, the aim had not been to create a welfare state for rich countries, but to secure full employment and avoid a recurrence of the harsh times endured in the 1930s. The rethinking now required should aim not merely at making the processes of integration and interdependence termed globalization less vulnerable to shocks, but also at making them more equitable and durable. It was not a matter either of calling in question the trends towards openness of the recent past, but of finding a middle path between autarchy and integration, between dirigisme and laissez-faire.

9. There were several issues to be tackled in that respect. First were matters relating to the macroeconomic management of the world economy: institution of more effective macroeconomic coordination and of improved

monitoring and surveillance of international financial flows, arrangements for quicker response to crises, and ending of a system where the private sector was too readily rescued from the risks attendant on its own imprudence.

10. Second, policy makers at the global and national levels alike must concern themselves as much with asset markets as with the market for goods and services and provide for corrective measures whenever asset prices rose unjustifiably. Third, financial policies must focus not just on problems of instability, but also on the impact that saving and investment could have on economies, or in other words on the role that finance could play in development, particularly through new institutions and instruments. Fourth, it must be recognized that despite the large growth in private sector flows and the trends towards privatization within countries, there was a continuing need for public resources for public purposes, both at the national level and at the global level. Systematic advocacy of fiscal contraction and calls for lower taxes and better public services had been features of recent years. It was time to recognize that there were certain public goals which could only be attained through public resources or, on the global scale, through official development assistance. The great increase in flows of private capital notwithstanding, non-market concessional flows must be maintained in order to reduce development disparities between countries, cope with global health and environmental problems and fulfil basic humanitarian needs.

11. Fifth, while globalization had been greatly facilitated by integration in financial markets, it was time to recognize that trade was the most potent engine of development and rapprochement between countries. History showed that prosperity was greatest during periods of high trade expansion. That was why issues of market access, of the effective implementation of the Uruguay Round and of continuing liberalization were so important. The Seattle Ministerial Conference of the World Trade Organization and the tenth session of the United Nations Conference on Trade and Development, to be held at Bangkok, should reassert the continuing need for differential treatment for developing countries and, because there was no one valid model of behaviour, the need for national autonomy.

12. Growth as such was less important than the quality of growth: hence the priority given to eradicating poverty. Some 25 per cent of the world's population was living on less than a dollar a day. Three billion workers were underemployed and 140 to 150 million were unemployed. It was clear that growth alone could not solve all problems, and that issues like work sharing and the imperative of sustainability must be addressed. Another area of concern was the formidable toll taken by natural disasters and phenomena such as El Niño in recent years, which gave rise to reflection on what aspects of the current development models might be tending to increase the vulnerability of countries to natural catastrophes.

13. Even as the specialized forums debated all the relevant technical issues, from finance to gender equality, from trade to human rights or the environment, it was essential to maintain a comprehensive view of the problems and unite the various components into one integrated approach. It was contradictory, for example, to assign top priority to poverty eradication while refusing to allow poor countries favourable trade terms, such as duty-free access to export markets for their products. The Second Committee, which had long been studying the question of globalization, was in the best position to emerge from its debates with guidelines for the future.

14. **Mr. Insanally** (Guyana), speaking on behalf of the Group of 77 and China, said that he agreed with Mr. Desai that the Committee, at its last session of the twentieth century, should reflect on the development experience of the past few decades and consider how the United Nations system might maintain and strengthen its capacity to promote development in a world undergoing rapid globalization.

15. In 1998 the world economy was in the throes of a financial crisis rife with uncertainty. Although the crisis had abated, it had left a disquieting aftermath of economic and social reverses. The modest progress achieved by the developing countries in recent years had been severely eroded. Three years into the United Nations Decade for the Eradication of Poverty, poverty and unemployment were rampant in the developing world. Although signs of recovery had been observed in some countries affected by the crisis, the implications for the future were not yet clear. It was important to analyse those developments and draw lessons from them for future policy making.

16. The varying impact of globalization had produced serious economic asymmetries at the global, regional and national levels. While it had obviously benefited the strongest economies, it had tended to marginalize weaker States and had thus hindered their pursuit of development. Many of the developing countries, particularly the least developed and smallest economies, faced grave difficulties in becoming integrated into the world economy. By opening the floodgates of trade and finance, globalization had exposed those countries to strong external forces. It had aggravated economic and social misery, particularly in developing countries dependent on a single agricultural crop for the livelihood of their peoples. The divide between rich

and poor both within and among countries had widened further, not only in economic terms but also in the areas of knowledge and technology, leading to an exponential rise in the inequities of the current system.

17. In the view of the Group of 77 and China, globalization was the single most important challenge facing the international community. If the process could not be harnessed to the service of all, it would ultimately be of benefit to none. Globalization should therefore be re-examined from four broad perspectives: democratization of international economic decision-making; integrated consideration of trade, finance and developmental issues by international institutions; reform of the international financial architecture; and effective action against the marginalization of developing countries.

18. Harnessing globalization to meet development objectives would undoubtedly require multilateral action. The response of the international community had thus far proved inadequate to the challenge. Despite the consensus reached on development during the major United Nations conferences in the 1990s, international cooperation for development had reached new lows in recent years, as reflected in an unprecedented drop in official development assistance (ODA). Faced with that situation, the President of the World Bank had called for a new development model as well as a new international financial architecture.

19. A new development model would certainly call for strengthening the productive capacity of developing countries and widening their access to export markets. The international financial and monetary system should be stabilized to avoid the hazards of monetary fluctuations. Equally important, the developing countries should benefit from special and differential treatment in accordance with the principles outlined in the General Agreement on Tariffs and Trade. In the wake of the Ministerial Meeting in Marrakesh, the Group of 77 would be urging the international community to take that approach at the forthcoming Ministerial Conference of the World Trade Organization (WTO) in Seattle in preparation for the tenth session of the United Nations Conference on Trade and Development in Bangkok in 2000.

20. In the critical area of development financing, the recent initiative taken by the Group of Eight would help to reduce the debt burden of the heavily indebted poor countries (HIPCs), and, if fully and rapidly implemented, would help to satisfy the health, education and other social needs of developing countries. The international community should follow the example of the Nordic countries in meeting internationally agreed ODA targets, in order to provide the resources so desperately needed by the poorest countries.

21. Given the enormous deficit in resources available for development, the financing for development process launched a year ago by the General Assembly had assumed critical importance. The Committee must decide upon the next steps to be taken. The report of the Ad Hoc Open-ended Working Group of the General Assembly on Financing for Development would provide a sound basis for future deliberations. A framework must be built to ensure the funding of development, one based on a new global partnership designed to respond first and foremost to the priorities of developing countries and premised on national ownership of the development process. It must also take into consideration the diverse issues that impinged on the development agenda. The Group of 77 and China would therefore continue to advocate a holistic approach to counteract the worst excesses of globalization.

22. He wished to stress the urgency of accelerating the comprehensive implementation of Agenda 21. The developed countries had an obligation under Agenda 21 to fulfill their commitments and halt the destruction of the environment. The developing countries, while fully committed to doing their part to protect the environment, needed to be supported in their efforts through the provision of new financial resources and the transfer of the appropriate technologies.

23. The Kyoto Protocol bound the parties to the United Nations Framework Convention on Climate Change to reduce their emission of greenhouse gases. The developed countries should take steps to that end and should also supply developing countries with the necessary financial resources and clean technologies to enable them to meet their obligations under the Convention.

24. On the United Nations Convention to Combat Desertification, he expressed concern at the inadequacy of international efforts. For lack of sufficient resources, the Global Mechanism was not yet functioning. The forthcoming third Conference of the Parties, to be held in Recife, Brazil, should remedy that situation.

25. The Group of 77 and China attached great importance to the full implementation of the provisions of the Convention on Biological Diversity and looked forward to the conclusion of the negotiations on a biosafety protocol, as well as the end of a round of negotiations at the final session of the Intergovernmental Forum on Forests to be held in February 2000. They called on the developed countries to meet their commitments, particularly those set out in chapters 33 and 34 of Agenda 21.

26. Looking ahead to the proposed 10-year review of the implementation of the outcome of the United Nations Conference on Environment and Development, he emphasized the need for preparations. The international community, as requested at the special "Rio+5" session, should take new steps to implement their commitments, particularly in areas such as the provision of concessionary financing and the transfer of environmentally sound technology. Preparations for the 10-year review should focus on identifying challenges and constraints, and on creating new mechanisms to remove them.

27. Knowledge and technology had acquired growing importance for economic and social development. The information age had brought progress, but also the threat of further economic and social disparities. The United Nations had to compensate for the deficiencies in that area if it was effectively to serve development in the next century, by encouraging the developing countries to develop their scientific and technological capacities, particularly in the area of environmentally sound technologies and emerging technologies. The work of the Economic and Social Council's Commission on Science and Technology for Development would have to be improved by a review of its working methods and by enhancing its ability to assist developing countries in that area.

28. In dealing with the myriad problems of development, the developing countries sought not only to engage their developed partners but also to strengthen cooperation among themselves. The potential for South-South cooperation should be fully exploited. In that context, the developing countries were meeting in Havana in April 2000 for the first ever South Summit, which would be an opportunity to launch an agenda to promote economic security and social welfare. To that end, the Summit would consider the themes of globalization and its impact on developing countries, knowledge and technology, South-South cooperation and North-South relations, and from those deliberations it would distill an action programme for economic and technical cooperation among developing countries at the turn of the century.

29. Any new action for development should include a stronger United Nations system, supported by political will and sufficient financial resources. To that end, closer cooperation and better coordination between the United Nations and multilateral trade and financial institutions would be useful. The United Nations had an essential role to play in international economic policy-making. To be truly effective, the leading international trade and financial organizations would have to take into account the policy guidance of the United Nations to ensure that their operations were in conformity with the development objectives of the developing countries. The high-level dialogues held in recent years between the Economic and Social Council and the Bretton Woods institutions were a step in the right direction. With further rapprochement, a greater consensus on development could be reached and a common agenda and strategy fashioned for the new era ahead.

30. **Mr.Kääriäinen** (Finland), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia, and, in addition, Iceland, a member of the European Free Trade Association (EFTA) and of the European Economic Area (EEA), recalled that in 1998, the main element of the debates had been globalization and the worldwide economic and social impact of the financial crisis. Although the situation had improved since then, as reported in the *World Economic and Social Survey 1999*, the issue of globalization continued to remain high on the Committee's agenda.

31. Globalization should be beneficial to all countries and their peoples. That did not mean, however, that everything could be left to market forces. The negative social effects of globalization should be cushioned, and cooperation should be strengthened at the national, regional and international levels to seek solutions based on a broad understanding of the long-term social and economic interests of all partners and to help marginalized groups. Globalization had to be given a human face.

32. It was in their common interest to promote the stability of the global financial system and to strengthen the institutional capacities of all countries. That was why the *World Economic and Social Survey* emphasized that stable banking systems acted as a buffer against any national or international crisis. The strengthening of domestic banking systems could play a crucial role in mobilizing resources for investment and development and thereby improving the developing countries' prospects of better integration into the global financial system and enhancing the functioning of the latter.

33. The European Union stressed the importance of integrating the least developed countries into the world trading system. Accordingly, it had suggested that the developed countries and the more advanced developing countries should allow duty-free access for all products from the least developed countries by the end of the new round of trade negotiations, whose success would depend on the shared understanding of the relationship among sustainable development, liberalization and globalization. Initiatives

such as the establishment of an advisory centre on WTO law could significantly favour the integration of the developing countries, particularly the least developed, into the world trading system. Capacity-building was also vital for the developing countries, to help them analyse the forthcoming trade negotiations from a development perspective.

34. The Lomé Convention would expire in February 2000. The European Union was currently negotiating with the African, Caribbean and Pacific (ACP) countries a new convention that would be characterized by efficiency, transparency and solidarity, which would reduce and eradicate poverty and further integrate the developing countries into the international economy. To that end, it was following an integrated approach, linking all aspects of development (political, social, economic and environmental). It was aiming to help the partner countries with national, regional and international policies, programmes and projects.

35. The European Union was emphasizing the importance of a more comprehensive approach to poverty eradication, and of ownership by developing countries, as well as optimal partnership. Coordination of development cooperation had to be improved by making full use of the new coordination mechanisms such as the United Nations Development Assistance Framework and the Comprehensive Development Framework, in its pilot phase.

36. The European Union was committed to eradicating poverty that undermined sustainable development in the developing countries. Half of the world's population was living on US$ 2 or less per day, a problem compounded by social exclusion. National and international policies should therefore give priority to developing strategies and programmes to reduce poverty, which would strengthen human and institutional capacities. The European Union remained committed to the internationally agreed target of halving the number of persons living in extreme poverty by the year 2015. Special attention should be given to the poorest of the poor, especially women, and the goal of achieving gender equality in all areas.

37. The major development agenda that had been set in the global conferences of the 1990s was far from being realized. The principle of integrated and coordinated conference follow-up had been agreed. The view of the European Union was that, in considering the outcome of those conferences, the focus should be on implementation of the agreed action at the country level. The process of conference follow-up should not be an excuse for calling in question the targets set, and all stakeholders should work collectively to achieve them. A full discussion of that issue was required in the coming months.

38. The European Union was fully committed to the high-level discussion on financing for development in which all relevant partners, in particular the World Bank, should be involved. That process was expected to increase the political will to implement internationally agreed strategies and targets for sustainable development. Complementarity between various sources of financing for development and the role of domestic financing were important, but official development assistance (ODA) was indispensable for the least developed countries. Efforts should be further strengthened towards encouraging all donor countries to devote 0.7 per cent of GNP to ODA. While States had primary responsibility for their development, there was a need to foster a supportive international environment.

39. The European Union was concerned about the effects of unsustainable levels of debt on many developing countries, particularly the heavily indebted poor countries, and was participating fully in the multilateral debt initiative for such countries. The current initiative, however, had alleviated only a small part of the debt of a limited number of countries and she therefore welcomed the progress achieved at the recent annual meeting of the World Bank and IMF to achieve dramatic cuts in the debt burden of the heavily indebted developing countries, linking those cuts to poverty reduction strategies.

40. Another important agenda item was the implementation of the Programme of Action for the Least Developed Countries for the 1990s and preparations for the Third United Nations Conference on Least Developed Countries, which was to be hosted by the European Union in Brussels in 2001. The European Union was fully committed to working with the least developed countries and other partners to make the conference a success.

41. With respect to environment and sustainable development, the European Union remained committed to the Rio principles and Agenda 21. In the context of the follow-up to the Rio Conference, the European Union would like to see the work under the conventions better coordinated, including coordination with UNEP and would also welcome a more coordinated approach to resolutions in the Second Committee.

42. In accordance with the decision taken by the Economic and Social Council at its most recent substantive session, the successor arrangement of the International Decade for Natural Disaster Reduction would maintain the existing inter-agency secretariat function for natural disaster reduction as a distinct focal point and as a coordination

function under the direct authority of the Under-Secretary-General for Humanitarian Affairs; the new arrangement would encompass all dimensions of natural hazards and disasters. The European Union reiterated the importance it attached to the full implementation of that decision.

43. All too often, development efforts were undermined by armed conflicts. Important decisions had been taken the previous summer by the Economic and Social Council on strengthening the coordination of humanitarian assistance, and particularly on the transition from relief to rehabilitation, reconstruction and development. The European Union emphasized the importance of post-conflict peace-building so as to prevent any reversion to a state of crisis.

44. With respect to the organization of the work of the Committee, it was important to respect the deadlines for the submission of draft resolutions in order to avoid any accumulation of negotiation processes towards the end of the session. Extension of deadlines should be the exception. The resolutions adopted should be shorter, more focused, more current and fewer in number and should better explore the original contribution which the Second Committee could make to intergovernmental deliberations on a specific subject.

45. **Mr. Osei** (Ghana) associated his delegation with the statement made by the representative of Guyana on behalf on the Group of 77 and China and expressed the hope, as in the previous year, that the objective of poverty eradication would not be sacrificed, during the discussions, on the altar of economic ideologies and new theories of development and accounting.

46. The world economy was growing at its slowest rate since the early years of the decade and economic prospects in Latin America were particularly uncertain. In the least developed countries, the rate of economic growth for 1999 was projected to be 3.25 per cent, barely sufficient to raise per capita output and consequently living standards. Prices of primary commodities had fallen to their lowest levels in a century and a half. In more than 80 countries, per capita incomes were lower than they had been a decade or more earlier and inequality between and within countries continued to increase.

47. In Africa, where the situation remained dire, 44 per cent of the population still lived below the poverty line of $39 per person per month, while in sub-Saharan Africa the corresponding figure was 51 per cent of the population. Even though African policy makers had reiterated their commitment to mobilizing domestic resources and, to that end, had imposed austerity measures, economic management only marginally influenced factors such as commodity prices, market access, financial flows and the external debt burden.

48. The report of the ad hoc open-ended Working Group of the General Assembly on an Agenda for Development had pointed out that some developing countries had limited scope for increasing savings because of low per capita income and low consumption levels. Substantial external resources would be needed to complement their efforts to achieve development.

49. Furthermore, the international financial crisis which had affected South-East Asia had resulted in a further reduction in the volume of such external resources. In Africa, reduced private flows and bilateral credit had resulted in a decline in resource flows from $4.5 billion to $3 billion in 1997. In sub-Saharan African countries, net transfers had declined by nearly 40 per cent. The financial crisis had also led to a decline of about $14 billion in export revenues in 1998.

50. According to the Economic Commission for Africa, to reduce poverty in Africa by half by the year 2015 would require a 4 per cent reduction in the number of people living in poverty each year. In order to achieve that objective, Africa as a whole would need to achieve a GDP growth rate of 7 per cent per annum. In 1998, its GDP growth had been only 3.3 per cent, less than half what was required.

51. Since external resources were extremely important for development in Africa and elsewhere in the developing world, his country considered that the preparation for the conference on financing for development was crucial. He hoped that the industrial countries would see the event as an important means of adopting, once and for all, measures that would enable the developing countries to grow in a sustainable environment and in fair competition while attracting private sector investment and investors.

52. Official development assistance constituted a critical component of financial flows to many developing countries, particularly in Africa. If levels were increased in combination with stronger economic reforms in such countries, the result would be sustainability in growth, poverty reduction, macroeconomic stability and the eventual redirection of such assistance to humanitarian emergencies.

53. The current situation, in which nearly 10 per cent of already limited official development assistance resources got diverted to conflict relief, was unacceptable. Funding for relief should be additional to aid intended to eradicate poverty and induce growth.

54. Despite policy pronouncements by most countries favouring implementation of the objectives of the major

United Nations conferences and of the Organization's internal reforms, the capacity of United Nations funds and programmes was being diminished through lack of political will or through inaction in providing the resources required by those bodies.

55. Clearly, the resolution of the problem of the external debt burden on many developing countries, especially those covered by the Heavily Indebted Poor Countries Debt Initiative, was central to their growth prospects. The emerging global consensus on how to resolve the debt crisis was therefore welcome. His delegation reiterated the view of African leaders that Group of Seven donors should encourage the complete cancellation of the debts arising from bilateral aid for the poorest countries; that they should exercise their leadership by reducing all the other bilateral debt of the poorest countries by at least 90 per cent; and that debt relief for the poorest countries should not be provided at the expense of official development assistance for their development programmes. His delegation welcomed the decision announced by President Clinton at a meeting of the World Bank and the International Monetary Fund of a 100 per cent, rather than 90 per cent, cancellation of bilateral aid debts for the poorest countries.

56. His delegation was pleased that the Fund had finally accepted the proposal supported by his delegation and others to revalue its gold in order to generate resources for the Heavily Indebted Poor Countries Debt Initiative. The United Nations should ensure that the revaluation raised enough resources to provide deeper, broader and faster relief for the heavily indebted poor countries.

57. His delegation was convinced that the success of all the measures envisaged would be contingent on the restructuring of the international financial and monetary architecture to ensure a more stable and participatory system and the provision of coherent links between finance, trade and development. If developing countries had greater access to markets in the developed world and if developed countries removed their export subsidies, the developing countries would receive four to five times more in annual earnings than what they currently received in foreign capital inflows. The significant impact of sectors such as trade on the global economy, and the interaction of trade, financial flows and development, could therefore not be ignored.

58. His delegation believed that international financial organizations should go beyond promoting macroeconomic discipline, liberalization and a limited role for the State in institution-building. They should promote greater institutional convergence between developed and developing countries and assist the latter to establish the physical infrastructure necessary for their economic and social development, including by supporting social safety nets to protect the socially vulnerable and those marginalized by globalization and providing access to basic education, health and good drinking water. Such aspects of development must be insulated from conditionality.

59. The last session of the General Assembly before the new millennium should be the occasion for ensuring that the opportunities engendered by globalization would be to the benefit of all, so as to safeguard the values common to all countries and protect the planet against unrestrained exploitation.

60. **Ms. King** (United States of America) said that at the beginning of the 1990s the emerging phenomenon of globalization, with instant communication via the Internet, lower-cost air travel and the increased interconnectedness of people and ideas, had aroused great optimism.

61. Since then the United Nations had organized a series of global conferences on interrelated development issues. The conferences had established a framework for human centred development, recognizing the linkages between economic, social and environmental factors. Truly sustainable development was predicated on an understanding and integration of all three factors.

62. While many of the promises of globalization had been fulfilled, there had also been real economic and social costs involved in the transition to an interdependent world. Over the past few years the world had been buffeted by financial crisis. Rather than retreating into protectionism, however, the international community had decided to engage in a variety of partnerships. The world's reaction to the crisis had demonstrated once again that cooperation and partnerships were a natural outgrowth of globalization.

63. The United Nations had pioneered a new development approach focused on the interconnectedness of the economic, social and environmental aspects of development. That approach had subsequently taken root elsewhere. To reflect a shift in focus towards poverty alleviation, the International Monetary Fund had decided to rename its Enhanced Structural Adjustment Facility the growth and poverty reduction facility. The Fund was thereby demonstrating its awareness of the developmental effects of its programmes on developing countries. The World Bank, meanwhile, had adopted an integrated approach to development, with a particular focus on social issues. The Heavily Indebted Poor Countries Debt Initiative embodied that approach. In recognition of the crushing burden that external debt placed on developing nations and the resultant inability of those countries to attend to social and environmental issues, the

Initiative used debt relief as an instrument for resolving many of the social and developmental problems faced by such countries. Funds previously used for debt payments could be used for social and other core development spending. In that connection President Clinton had recently announced that the United States would make every effort to forgive 100 per cent of the poor countries' debts if the amounts owed were used to help finance the basic human needs of their people.

64. Yet, despite the progress made and the measures taken, much remained to be done. Creative methods must be found to address the new challenges facing the international community and the United Nations system in several key areas.

65. Financing was essential for development. The United Nations had undertaken a serious study of how to address the issue, which was crucial in a changing world. Her delegation was encouraged by the quality of the discussion already held on the issue and the high level of participation by countries with very different experiences and situations. It looked forward to working with its partners in taking the necessary procedural steps to move the process forward.

66. In the United States it was often said that business was the engine of growth and that maxim was increasingly true throughout the world. In discussing the topic of "business and development", the Committee must examine ways to encourage business practices which supported development goals while avoiding excessive or inappropriate regulations which would stifle the growth needed to create jobs and support economic and social development. The key tools which Governments had at their disposal were the strengthening of the rule of law, implementation of strict anti-corruption measures and strong labour standards.

67. As the host country for the upcoming Seattle Ministerial Meeting of the World Trade Organization in November 1999 and as one of the major trading countries in the world, the United States would take an active interest in discussions of trade issues in the General Assembly. Globalization was a fact, and it was essential that the developing countries should participate in the world trade system in order to avoid being marginalized. While there were costs to participation in the world trade system, the costs of marginalization were even greater. Over the next two months, her delegation would follow closely the development of the agenda for the Seattle Ministerial Meeting and would look for ways in which the United Nations Conference on Trade and Development (UNCTAD) could assist developing countries in preparing for the negotiations to follow.

68. In the field of operational activities, considerable progress had been made during the triennial policy review towards formalizing the view that human centred development included economic growth, social development and environmental protection. In 1999 her delegation looked forward to focusing on the development of human resources and the role of science and technology in development.

69. **Mr. Nimac** (Croatia) said that globalization could be negative for countries which were excluded from the process, thereby exposing them to the risk of falling even further behind. The question therefore arose of whether to adopt a laissez-faire approach or intervene in the process by creating a safety net. A deteriorating regional environment had affected the economies in transition in 1998 and most had experienced slower or even negative growth. It was important to promote more coherent international policies, and multilateral cooperation, in particular through the United Nations system, remained essential. The countries in transition must themselves meet the necessary conditions for their integration and for attracting foreign investment. Nevertheless it was clear that the disparities inherited from the past placed them at a disadvantage. The transition process had created new opportunities but had also caused a less even distribution of wealth and hence greater inequality. The economic repercussions of the Kosovo crisis had affected the neighbouring States in particular and had threatened progress in Croatia, especially in the areas of tourism and transport. His delegation welcomed the adoption of the Stability Pact for south-eastern Europe and intended to play an active role in its implementation, especially in the components related to economic reconstruction, stability being the main factor in sustained economic growth in the region.

70. On the subject of a new international financial architecture, he stressed the increasingly diverse structure of international capital flows, long-term loans to Governments having been replaced by short-term private borrowing. Recent crises had shown that liberalization was a two-way street, and some thought must be given to the benefits of using domestic measures such as capital controls to limit exposure to volatility. The multilateral trading system continued to develop, but Croatia, which had concluded all the necessary bilateral negotiations, was still stymied in its efforts to join the World Trade Organization owing to a dispute between two member States which had nothing to with its application. That artificial and arbitrary barrier, which also affected other countries, was a violation of the commitment to transparency and fairness contained in a ministerial communiqué on market access adopted in 1998 by the Economic and Social Council.

71. He welcomed the substantial work done by the ad hoc open-ended working group on financing for development but was concerned that there had been no increase in available resources for United Nations operational activities for development. He believed that the funds and programmes of the United Nations must be reinforced until poverty was eradicated. Foreign direct investment could not replace official development assistance because it had different motivations and objectives. Both were required for a balanced development process.

72. The recent special session of the General Assembly on the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States had made an important contribution in refocusing attention on important issues which affected all countries. The commitments made in the Rio Declaration on Environment and Development must be strictly respected in order to bring about long-term results. The Secretary-General's visit to Sarajevo the following week to celebrate the birth of the planet's six billionth inhabitant would provide an opportunity for all to reflect on their responsibility to future generations.

73. **Mr. Escanero** (Mexico) noted that globalization of markets was intensifying but without any regard to equity. Hunger and poverty continued to afflict millions of victims even though resources worldwide should be sufficient for all. The main challenge in the twenty-first century would certainly be to guarantee coherent development efforts and achieve globalization with a human face. The international economic order must be perfectly compatible with the priorities of sustainable development and social justice worldwide and must strictly respect cultural diversity. It was incumbent on States to combat social exclusion, compensate for the limitations of the marketplace and encourage the efforts of the private sector and society while also taking into account the needs of the majority. At the same time those national efforts must be integrated into a new international cooperation system for development based on the concept of the shared responsibility of all nations. It was therefore necessary to establish an enabling world economic environment which relied on international financial stability and better access to the markets of the industrialized countries. The United Nations, in its capacity as the quintessential universal body, could and must play a leading role in that regard.

74. The two most important themes in international cooperation were the new financial architecture and measures to be taken in the case of natural catastrophes. With regard to the former, early warning capabilities must be improved in order to prevent financial crises from developing and spreading. A regional meeting had been held in September 1999 in Mexico City to discuss the theme of General Assembly resolution 53/172 entitled "The financial crisis and its impact on growth and development, especially in the developing countries". The participants had declared that the new financial architecture, to be built on the basis of consensus reached within the United Nations framework, must be stable and take into account social development. The high-level meeting to be held in 2001 under United Nations auspices with the Bretton Woods institutions would study financing for development. With regard to natural catastrophes, international cooperation must be involved from beginning to end: prevention, early warning, emergency aid, recovery and rebuilding. The participants in the Rio Group Summit held in May 1999 in Mexico City had undertaken to implement permanent technical cooperation projects on the regional level and an important cooperation programme with the European Union. The workload must be divided among the international community in a creative and effective way so that measures would not be adopted in isolation but would rather become an integrated strategy which would facilitate long-term solutions. His delegation was committed to aligning itself with any necessary consensus in order to guarantee sustainable development worldwide within a framework of social equity.

75. **Mr. Haque** (Pakistan), associating his delegation with the statement made by the representative of Guyana on behalf of the Group of 77 and China, said that the time had come to take stock of the goals of development and poverty eradication; it had to be recognized that most of the universally agreed targets had not been achieved. Over 4.5 billion people were living below the poverty line. The past decade had been characterized by an increasing concentration of income and wealth to the benefit of certain individuals, corporations and countries. The technological gap between developed and developing countries had further widened. Liberalization had not had the expected results, and the situation had worsened because of lack of market access: protectionism in the guise of social, environmental, and health and safety standards was on the rise. The total external debt of developing countries had increased by almost 6 per cent and only a comprehensive and durable solution of the debt problem would help release resources for development. Official development assistance (ODA) was declining, and the countries of the North had to recognize that it was in their long-term interest to increase ODA in order to promote the development of the countries of the South, following the rationale of the Marshall plan. The economies of the developing countries were being destroyed by imbalances in the international economic and

financial systems. The prospects were bleak: poverty and unemployment were on the rise and the goals of halving poverty and providing universal primary education by 2015 had no hope of being achieved.

76. There was a real crisis of development, as had been demonstrated very clearly by the recent Asian crisis, which had not only spared the industrialized countries, but also enabled them to profit even more from the collapse in commodity prices and imports from countries which had been forced to devalue their currencies and from a substantial improvement in the terms of trade. In contrast, significant parts of the developing world had seen the fruits of several decades of economic growth and poverty eradication efforts evaporate in a matter of weeks. That situation was brought about not only by defective national policies, but also by structural inability and volatility resulting from deep changes in the international system, in particular the new forces being unleashed by globalization. Notwithstanding the myth of globalization, borders had disappeared only for capital and high technology services; the same was not true for labour or for agricultural and textile products. The developing countries had been left out of the process because they did not have the necessary tools and had no hope of acquiring them in the near future. Increased interdependence was in fact an overdependence of developing countries on the markets of developed countries. The solution lay in a globalization of development, and Pakistan therefore proposed the consideration of the following issues: creation of an enabling international economic environment; reform of the global financial architecture; integrated consideration of trade, finance and developmental issues; a comprehensive and durable solution to the debt problem; and fulfilment by the developed countries of their commitment to provide 0.7 per cent of their GNP to ODA. The harmonization of national interests with collective interests should apply, in the first place, to the promotion of development, because global equity was the only assurance of shared peace and prosperity.

77. **Mr. Kolby** (Norway) said that a major challenge affecting most areas of development was how to alleviate poverty and reduce vulnerability. During the United Nations Decade for the Eradication of Poverty, 1.3 billion people continued to live in extreme poverty. The world's poor were also the most vulnerable to environmental degradation, natural disasters and disease. Poverty engendered underdevelopment. Fighting poverty must therefore become the highest priority.

78. Governments had primary responsibility for pursuing a policy that would bring about economic growth and meet social needs. In order to tackle the root causes of poverty, good governance was crucial, with an adequate legal framework, promotion of and respect for human rights, and the development of democratic and transparent institutions. Good governance also meant confronting corruption and pursuing sound macroeconomic policies. Governments must demonstrate political will by mobilizing domestic resources for development and, in particular, by allocating more resources to primary health care and basic education. The empowerment of women was crucial.

79. At the same time, the international community must do much more to provide an enabling international economic environment. It must continue to adjust and reform the multilateral trading system. There was a need to maintain, within the United Nations system, an appropriate mechanism for policy development which was able to meet the challenges of globalization. UNCTAD, for its part, had an important role to play as an advocate for taking into account the development dimension in future trade negotiations. The agenda set in the new round of multilateral trade negotiations in the World Trade Organization (WTO) must also take into account the interests of the poorest countries, for example in respect of conditions for market access, differential treatment, and trade-related assistance.

80. The economies of the poor countries were severely strained by debt, which blocked the access of those countries to new resources, creating an insecure climate for investments. A solution to those debt problems required committed international cooperation. Norway therefore strongly supported the decision taken recently in Washington, United States of America, to enhance the Heavily Indebted Poor Countries Initiative. Together with the other Nordic and the Baltic countries, among others, it had worked hard to safeguard concessional windows in multilateral banking and financial institutions such as the International Development Association (IDA). It was prepared to forgive 100 per cent of its commercial claims to HIPC countries and encouraged all creditor countries to seek ways of giving the HIPC countries a new start at the turn of the millennium. It was also necessary to increase transfers of ODA from the North to the South to reach the target of 0.7 per cent set by the United Nations. Norway had been well above that target for the past two decades and his Government had recently proposed a concrete plan for a gradual increase in ODA to 1 per cent of GDP. It expected other OECD partners to follow suit.

81. A global consensus on an agenda for social and economic development had been built during the 1990s. The United Nations had been the key facilitator in that process and in the implementation and coordination of the agenda.

During 1999 the international community had reviewed the progress achieved in implementing the Programme of Action at the International Conference on Population and Development. Although the review had confirmed that substantial progress had been made, it had also shown that progress was being hampered by a lack of financial resources and that swifter action was needed in many areas.

82. The review of the Beijing Platform for Action and the follow-up to the World Summit for Social Development would further strengthen the commitment of the international community to promote gender equality and increase investments in the social sector, in line with the 20:20 compact. The coordination segment of the Economic and Social Council substantive session of 2000 would provide an opportunity to review in an integrated manner the follow-up to the United Nations global conferences.

83. Natural disasters seemed increasingly to be the result of pressure exerted by human beings on the environment and the failure to achieve sustainable development. Once again, it was the poor who suffered the greatest losses. The special session of the General Assembly on the review and appraisal of the Programme of Action for the Sustainable Development of Small Island Developing States had demonstrated the willingness and ability of those States to translate the decisions of the United Nations Conference on Environment and Development into concrete actions in their national and regional contexts. It had also demonstrated the need to enhance international partnerships as well as cooperation between all partners. His country would continue to provide support for the efforts made in that connection.

84. In order to reduce vulnerability to natural disasters permanently, humanitarian and development-oriented efforts must go hand in hand. It was essential to deal with the underlying causes of poverty and humanitarian need rather than simply alleviate the symptoms. The provision of humanitarian aid should be parallelled by efforts to seek political solutions and economic reforms, a challenge which called for closer coordination between all the actors involved. The United Nations would continue to play a key role in those endeavours.

85. **Mr. Tudela** (Peru) said that during the 1990s his country had implemented an effective economic programme, which had enabled it to become a major Power in Latin America and to prepare to meet the development and globalization challenges of the new millennium successfully. Peru had succeeded in stabilizing its economy and living in harmony with its neighbouring countries, which was important for its integration into the global economy. Between 1993 and 1998, it had registered an annual growth rate of 6.2 per cent, eliminated the hyper-inflation of the 1980s and increased its international currency reserves. During the same period direct foreign investment had increased to over $13 billion, 37 per cent of which had come from the programme for the privatization of public enterprises. That success was due not only to the country's perseverance, but also to the adoption of a new economic culture, namely that of a market economy based primarily on private investment. Social welfare and education were Peru's main priorities. During the 1990s, public investment in the social sector had risen to $8 billion, while social programmes aimed at poverty reduction had received $3 billion, making it possible to bring the extreme poverty rate down from 27 per cent in 1991 to 14 per cent in 1997; it was projected to reach 11 per cent by the year 2000. In 1999, 45 per cent of the State budget had been allocated for social spending.

86. Peru believed that investments in the individual, in education and in health were the best means of achieving sustainable growth and overall development. During the 1990s, the life expectancy of Peruvians had risen from 63 to 68 years. Moreover, with support from the World bank, priority had been given to programmes aimed at improving the quality of education.

87. As a result of the economic progress it had achieved during the 1990s, not to mention its healthy budget, the viability of its external deficit and the significant increase in private investment, Peru had managed to cope with the international upheavals which had affected the region's economy: the effects of El Niño and the crises in Asia, the Russian Federation and, more recently, Brazil.

88. According to the Inter-American Development Bank, Peru was the leading country in Latin America in terms of structural reforms; it was experiencing sustained growth and its exports were increasing at a rate which was higher than the average recorded by the other countries of the region. Moreover, its public debt was one of the smallest in the region. Peru had set itself the clear objective of economic stability and sustainable growth. To that end, it had concluded a third Extended Fund Facility agreement with the International Monetary Fund for a period of three years. The efforts made to improve trade, services and investments at the subregional, regional and international levels, together with Peru's recent membership of the Asia-Pacific Economic Cooperation Council, bore testimony to the country's willingness to integrate itself into the global economy.

89. In the absence of any magic formulas in the economic field, Peru had decided to give priority to free trade and

education. It also believed that private enterprises provided the impetus for wealth creation. The role of the State was to create the conditions needed to develop investment, maintain macroeconomic balance in the context of an open and competitive market economy, control inflation and budget spending and pursue a cautious monetary policy.

90. The launching of a new round of negotiations in 2000 was a means of strengthening the multilateral trade system. His Government accorded the highest priority to the Uruguay Round agreements; the completion of negotiations to strengthen liberalization in the agricultural and service sectors and the implementation of decisions on investments, competition and trade facilitation set out in the Singapore Ministerial Declaration of 1996; and the application of the Geneva Ministerial Declaration on electronic commerce. In its view, an item on development should be included in the agenda of the new round of negotiations.

91. His Government also attached considerable importance to its cooperation with the various bodies and funds of the United Nations system. The United Nations Development Programme (UNDP) played a crucial role in the promotion of sustainable human development and in the eradication of poverty, especially in developing countries. He called on the UNDP member States to increase their contributions and to seek new forms of cooperation with developing countries. Given the importance of cooperation among developing countries, his delegation commended the efforts undertaken by the Special Unit for Technical Cooperation among Developing Countries and reaffirmed the usefulness of horizontal cooperation. It thanked those countries — and especially Japan — which had offered assistance within the framework of the triangular cooperation system to the countries in greatest need.

92. His Government was troubled by the financial crises that had emerged in recent years, in view of their considerable impact on the international system, and it urged the establishment of a stable monetary system at the regional level. Given the complex, cyclical and systematic nature of international phenomena, international cooperation mechanisms should be reassessed with a view to adopting preventive measures and finding solutions to problems that transcended national capacities.

93. **Mr. Satoh** (Japan) said, with regard to human security, that in the current age of globalization, it was increasingly important to consider policy in terms not only of national interests but of the interests of all human beings. "Human security" meant ensuring the security and survival of human beings as individuals and protecting their dignity. He endorsed the definition given by UNDP in the *Human Development Report 1994*, namely, that the concept of human security meant that individuals could exercise choice safely and freely and could be fairly confident that the opportunities they had today would not be lost tomorrow. Defining the term was less important than drawing increased international attention to the threats to human lives and human dignity. Those threats were manifold. They included most of the problems currently facing the world, among them poverty, armed conflicts, environmental degradation, forced displacement of populations, landmines, small arms, terrorism, organized crime, infectious diseases, drugs and natural disasters. With regard to classification, his Government's views were very close to those of UNDP, which had set out seven main categories of threat to human security: economic, food, health, environmental, personal, community and political. And yet, it was not all that useful to inventory threats to human security since the list was continually changing. Moreover, as the recent financial crisis in South-East Asia had shown, economic, social and, of course, political conditions could suddenly deteriorate at a time when they seemed promising. It was also evident that such perceptions varied from country to country and region to region. For instance, the spread of poverty and the resurgence of armed conflicts were the principal concerns of many African countries. Climate change was the principal cause of concern for small island States, whereas landmines posed threats to all countries engaged in post-conflict reconstruction. Illegal drugs and HIV/AIDS were a universal threat.

94. Policies devised to enhance human security also varied greatly. Official development assistance (ODA) and other forms of technical and financial assistance for development played an important role in that context. In the view of his delegation, raising the level of health care, hygiene, education and job training was crucial for the enhancement of human security. Needless to say, humanitarian assistance and peace-building and peacekeeping efforts were also essential. Although policies must be chosen on the basis of need, priority should be given to human security requirements.

95. The Committee could play an important role in advocating the enhancement of human security. Indeed, many issues on the Committee's agenda had a great impact on human security in the countries concerned, including development financing, the cancellation of external debt, and the development of Africa.

96. With regard to development financing, it was important to view development cooperation in a comprehensive manner and to determine how to combine domestic resources and private sector involvement for the

purpose of mobilizing and better utilizing development resources.

97. External indebtedness, especially of the least developed countries, demanded more urgent attention. It was for that reason that Japan had called for faster and deeper measures for Heavily Indebted Poor Countries (HIPCs) and welcomed the enhancement of the HIPC initiative. Japan had contributed over $70 million to the trust funds of the International Monetary Fund and the World bank for that purpose. On the bilateral front, it had long provided grants for debt relief and had thereby cancelled bilateral ODA debts in the amount of approximately $3 million. Japan would extend debt relief measures to HIPCs under the enhanced initiative.

98. In many aspects of development Africa clearly continued to require special attention. If the World Social Summit's target of halving absolute poverty by 2015 was to be attained, GDP must rise by at least 7 per cent a year, which was far above many African countries' growth rates. The international community must therefore redouble its efforts for African development. The Tokyo Agenda for Action adopted at the Second Tokyo International Conference on African Development, which Japan had organized together with the United Nations, encouraged African countries to take initiatives for their own development and called for strengthened cooperation, including between Asia and Africa. Japan was involved in a number of interregional projects under the Agenda.

99. From the viewpoint of human security, the geographically disadvantaged developing countries also required special attention. Japan therefore welcomed the holding of the General Assembly's special session devoted to such countries and of the intergovernmental meeting of experts on cooperation among landlocked developing countries, transit countries and donor countries. In that context, it was important to note that the current year was the last of the International Decade for Natural Disaster Reduction. As tragically demonstrated by the recent earthquakes and hurricanes, the international community was far from fully prepared for such major natural disasters. It must intensify its efforts to minimize the suffering caused by such catastrophes. Japan intended to contribute actively to that endeavour.

100. Humanitarian emergencies, such as mass killings and forced displacement of people, tended to attract more of the international community's attention than issues like poverty and climate change which had a debilitating impact on human security. While it was essential to act rapidly in humanitarian emergencies, it was equally important to make unceasing efforts to improve the conditions that affected human security.

101. **Mr. Sharma** (India) said, in reviewing the world economic situation, that in the late 1980s and early 1990s globalization, liberalization and rapid technological change had seemingly held out to humanity the promise of historic change, a promise of fresh opportunities, as the developing countries increasingly participated in the growth of the world economy, to improve living standards and secure a brighter future for millions mired in poverty and underdevelopment. The global economic reality in 1999 was, however, far different. Tangible progress had unquestionably been made in the late 1980s and early 1990s, in the form of impressive growth rates in some developing countries and very strong growth in trade, global output and capital flows. But, while globalization had opened up new opportunities in the areas of trade, technology, investment and telecommunications for those who had been best equipped to take advantage of them, the recurrence of financial crises and instability had led not only to the rollback of development and prosperity, but also to questioning of the very foundations of globalization. Ironically, those crises had affected precisely those developing countries which had been held up as showcases of globalization. Industrial economies had not only been spared, but had even benefited from falling commodity prices, capital flight and cheap imports. Although the *World Economic and Social Survey* and the *Trade and Development Report* pointed to some signs of recovery during the current year, the second of those documents cautioned that the return to stability should not be misinterpreted or allowed to make the underlying structural problems that needed to be addressed if globalization was to be responsive to the needs of the vast majority of developing countries.

102. His delegation believed that the Committee should focus during the current session on four areas: trade, financial flows and financing for development, science and technology, and the environment. Concerning the first of them, there was a need to take a more critical look at the functioning of the international trading system. India acknowledged the benefits of the Uruguay Round, particularly the establishment of a rule-based multilateral trading system, but it was troubled that the agreements which had been reached had not been implemented in the spirit in which they had been envisaged and that the patterns of liberalization which had emerged from the operation of the system had not accelerated developing countries' development. Those shortcomings were clear from the differential treatment of products and sectors of interest to the developing countries, particularly agriculture, textiles, and the movement of persons. There was an asymmetry

between the advanced state of liberalization of trade in goods and services, sectors which were of interest to the developing countries, and the barriers to trade in labour services and the labour-intensive goods typically produced by developing countries.

103. The rapid growth of capital markets and financial liberalization was the other key pillar of globalization which had been projected as providing a definitive solution to the resources constraint that developing countries had traditionally faced. The predicted benefits, however, had not materialized. The concentration of capital flows in particular countries or a few sectors, the volatility of short-term capital flows and the far-reaching consequences of that phenomenon, the discrepancy between the technology used by the financial world and the existing regulatory arrangements, to mention only a few examples, showed that reform of the international financial system was essential. The current discussions concerning a possible new trade round and the reform of the international financial architecture in the Bretton Woods institutions afforded the Committee a unique opportunity to address the challenges posed by globalization.

104. The report of the working group on financing for development would be among the most crucial issues before the Committee at the present session. Its mandate was to draft recommendations on a high-level intergovernmental forum on financing for development to be held in 2001. The Group had made recommendations for a detailed agenda covering the various aspects of financing for development, as well as recommendations on preparation for the meeting and the meeting itself. The Committee should focus in the months ahead on the preparatory process, including modalities of participation that would ensure comprehensive treatment of the issues involved and result in a summit or conference.

105. With regard to science and technology, it was vital to utilize the new discoveries in those fields to meet the pressing needs of the developing countries. It was, indeed, scandalous that that had not yet been done. Numerous economists had shown what specific steps could be taken to reconcile the supply and demand aspects of the search for profit. The Committee should take a closer look at that matter.

106. At its fifty-third session, the General Assembly had, for the first time, adopted a resolution on globalization and interdependence; that had led to the inclusion in the Committee's agenda of an item specifically devoted to that issue. He hoped that would initiate a debate and assessment within the United Nations concerning the various macroeconomic aspects of globalization, particularly its impact on developing countries. Summing up his statement, the full text of which had been circulated to delegations, he drew attention to the priorities regarding globalization and the environment to which it referred.

107. On the threshold of a new millennium, the United Nations in general and the Committee in particular must focus on pushing forward developmental concerns. Only in that way could the United Nations retain its relevance and credibility for the vast majority of mankind.

The meeting rose at 1.15 p.m.

United Nations A/C.2/54/SR.4

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Second Committee

Summary record of the 4th meeting
Held at Headquarters, New York, on Wednesday, 6 October 1999, at 3 p.m.

Chairman: Mr. Olhaye ..... (Djibouti)

Contents

General debate (*continued*)

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99-81442 (E)

The meeting was called to order at 3.10 p.m.

General debate (*continued*)

1. **Mr. Chowdhury** (Bangladesh) said that globalization had increased the vulnerability of developing countries in many ways. For example, trade liberalization had reduced the capacity of Governments to raise revenues from taxation of imports, resulting in significant loss of income. In most developing countries, particularly the least developed ones, no increase in production or trade had occurred to counterbalance that loss. Financial liberalization associated with globalization had tied developing economies to the global capital market, putting them at the mercy of unrestrained capital movement. A dramatic reversal of economic flows had occurred in many countries in 1997 and 1998, prompting everyone to weigh the risks of globalization against its benefits. In that regard, he urged developed countries — the major beneficiaries of globalization — to assist developing countries in their efforts to correct the destabilizing effects of globalization. Referring to the preparations for the high-level intergovernmental event for the year 2001, he welcomed the involvement of the International Monetary Fund (IMF) and the World Bank and said that the third Ministerial Conference of the World Trade Organization (WTO), which would launch a new round of negotiations and establish the WTO work programme, would help to define the trade and development agenda for the new millennium. The deliberations of the Second Committee should give a strong signal as to what was expected from that meeting.

2. The developing countries had opened up their markets but did not get meaningful reciprocal treatment. They needed access to the global markets of products of interest to them, capacity for diversification of their product base and stable commodity prices. The external trade situation of the least developed countries should be particularly borne in mind in that regard. They had both low market access and high supply-side constraints. Tariff escalation, where higher tariffs were applied to processed goods, was also a barrier to their ability to increase output in the manufacturing sector. In addition, non-tariff barriers in the form of quotas, voluntary export restraints and so-called anti-dumping measures further impeded access of new products that the least developed countries could produce. The outcome of the third Ministerial Conference of WTO should be open-market access to all products from the least developed countries, without any exception.

3. While he welcomed the initiative of the Group of Eight in Cologne to write off $15 billion of the poorest countries' debt and the addition of a few more countries to the list of those eligible for debt relief, the fact remained that many poor countries still spent more on debt servicing than on health and education. In that regard, the pledge by the President of the United States of America to cancel the debt owed to his country by the world's poorest nations was also welcome. He hoped that other rich nations would also announce and effectively make good on similar pledges.

4. **Mr. Baali** (Algeria) said that the growing interdependence of economies and globalization demonstrated the vital need for dialogue and cooperation. The international community was increasingly convinced of the need to act in order to promote the optimal exploitation by all countries, especially developing countries, of the vast opportunities for cooperation afforded by globalization. Failure to take action to regulate certain aspects of globalization would mean condemning the majority of the countries of the South to suffering from only the negative effects of globalization, leaving the richer countries to reap the benefits. Developing countries needed broad and effective international support for their efforts to achieve full integration into the world economy. In that regard, foreign direct investment, technical assistance for national capacity-building and export outlets were but a few of the indispensable conditions for the participation of the South in world trade. Vigorous and sustainable economic growth, which could greatly foster employment and poverty eradication efforts, was vital.

5. The concerns of the countries of the South and their desire for effective participation in world affairs should be more forcefully affirmed in the major forums for international dialogue and cooperation, whether as part of the debate on the strengthening of the international financial architecture or during the forthcoming WTO negotiations. Although the world economic situation had improved considerably over the past few months, poverty continued to be the daily lot of the vast majority of the world's population, and of nearly half of the African population. Indeed, the turmoil on the world markets accentuated, rather than reduced poverty.

6. The crisis of the United Nations operational activities for development was another issue of great concern to his delegation, because of the disturbing decline in official development assistance (ODA), which had already led to considerable cutbacks in the cooperation programmes implemented by the United Nations funds and programmes in developing countries. Noting that the African region had been the hardest hit by that decline, he appealed to the

international community to give Africa all the support it deserved in its efforts to end conflicts and concentrate its energies on reconstruction and development.

7. It was urgent to come up with a strategy to deal with the external debt problem of developing countries. In that regard, he welcomed the positive attitude taken by the Group of Seven in Cologne in June 1999 and by the international lending agencies at the annual meeting of IMF and the World Bank, to strengthen the Heavily Indebted Poor Countries Initiative and boost its funding. While he hoped that the implementation of the Initiative would be simplified, and its scope expanded to produce the desired effect, its funding should not be at the expense of ODA that was granted to that category of countries, or to other developing countries. The international debate on debt should also take into account the problems of other categories of developing countries, including the middle-income developing countries facing serious debt problems. Financing for development was as vital to developing countries as it was to their partners. In that regard, it was important that all countries should be involved in the preparatory process leading up to the high-level international intergovernmental forum on financing for development to be held in 2001, in a spirit of genuine cooperation and partnership.

8. The stagnation of the least developed countries remained a test of conscience and a challenge for the international community. Wealthier countries should increase development aid, provide technological assistance and debt relief and give greater support to the diversification of developing country economies.

9. His delegation welcomed the adoption by the twenty-first special session of the General Assembly of key actions for the further implementation of the Programme of Action of the International Conference on Population and Development. The fundamental relationship between population, sustained economic growth and sustainable development should be recognized. Such acknowledgement should lead to concrete actions, especially in the areas of financing for development, since without a substantial commitment on the part of the international community, and in the absence of genuine development capable of eradicating poverty, the new recommendations would be meaningless.

10. **Mr. Amaziane** (Morocco) said his delegation hoped that the world financial crisis had encouraged the international community to ponder over the shortcomings of the international monetary and financial system and take the appropriate steps to prevent such crises in future, including enhanced coordination among the different actors in that area. The goal of such coordination should be to reduce the adverse impact of speculative capital flows on the economies of developing countries and stimulate foreign direct investment. Developed countries should also agree to make international trade regulations more favourable to developing countries by granting easier access to the products for which developing countries had a comparative advantage. In that regard, the resurgence of protectionist measures adopted in the name of social and environmental standards was disquieting, because they might undermine the very foundation of WTO. It was important to seize the opportunity offered by the third Ministerial Conference of WTO to consolidate achievements and begin an era in which trade could contribute more to the development of the countries of the South.

11. Despite the scope of the challenges facing countries as a result of globalization, he was confident that the phenomenon was a vehicle for positive changes of benefit to humankind as a whole, since they fostered democratic systems of government that respected human dignity and encouraged countries to be responsible members of a more peaceful international community.

12. The economic and social crisis in Africa was the international community's biggest challenge. As the Secretary-General had noted in his report on the work of the Organization (A/54/1, para. 172), 44 per cent of Africans, and 51 per cent of those in sub-Saharan Africa, were living in absolute poverty; 91 per cent of all acquired immunodeficiency syndrome (AIDS) deaths in the world had occurred in 34 countries, 29 of which were in Africa; Africa's debt burden was equivalent to 300 per cent of its exports of goods and services; and the continent received a mere 3 per cent of all foreign direct investment.

13. Africa's prospects for the future were not promising; growth was currently around 3 per cent, which, owing to the rapid increase in the continent's population, amounted to zero growth in terms of per capita gross domestic product (GDP). Wars, conflicts, poor governance and corruption also contributed to the image of Africa as a region in perpetual crisis. However, democratic elections were becoming the rule rather than the exception; progress towards good governance, accountability, transparency and the rule of law was slow but sure; and trade liberalization, privatization, legal and financial reforms and the rationalization of public administration were being enacted to ensure that the continent was no longer marginalized.

14. In order to carry out those difficult but necessary changes, Africa needed the international community's support, including increased financial and humanitarian

assistance, contributions to peacekeeping efforts, reduction of the debt burden, better access to export markets and incentives for foreign direct investment. Through a genuine partnership at the national and international levels, Africa would be able to reach the 7 per cent economic growth rate necessary to achieve a significant decrease in poverty levels.

15. It was disturbing that at each of the mid-term reviews on follow-up to the major United Nations conferences held during the current decade, the General Assembly had noted with regret and concern that the international community had failed to meet the commitments which it had assumed. If that alarming trend continued, it would permanently harm the Organization's credibility, not only in the economic and social fields, but also with regard to peacekeeping and international security. Moreover, efforts to ensure peace and security would succeed only if accompanied by reconstruction and development. He hoped that on the occasion of the Millennium Assembly, the international community would take the necessary decisions to ensure that the United Nations could contribute effectively to both peace and development.

16. His delegation was surprised at the contradictory approaches taken on national and international issues; although the principles of democracy, popular participation, the rule of law, responsibility and equity were said to be necessary prerequisites for the rational management of a country's internal affairs, they were not being applied at the international level. A world in which prosperity was restricted to a tiny minority was not sustainable in the long term; only an equitable sharing of the benefits of progress could guarantee the continued existence of humankind.

17. **Mr. Ka** (Senegal) said that his delegation associated itself with the statement made by the representative of Guyana on behalf of the Group of 77 and China.

18. On the eve of the third millennium, it was paradoxical that although progress in science and technology had made it possible to ensure a better life for all, over 1.5 billion people lived on less than $1 a day and that poverty was growing more widespread during the very decade devoted to its eradication. Over 50 years after the birth of the United Nations, its ambitious goal of achieving international cooperation in solving international problems of an economic, social, cultural, or humanitarian character (Article 3 of the Charter of the United Nations) was far from being reached. Similarly, the programmes of action adopted at the major world conferences of the 1990s contained strategies and agreed commitments which should have been of great assistance in the quest for solutions leading to sustainable development. However, those commitments had not been met, and lack of resources had prevented implementation of the strategies decided upon at those conferences.

19. It was important to ensure a consensual approach to problems; on sensitive and essential issues such as reproductive rights and health, the rule of law, the family and parental responsibility, the five-year review of the International Conference on Population and Development had nearly reached an impasse because of efforts to call into question the consensus upon which its Programme of Action was based. One of the fundamental principles of the Programme was that "the formulation and implementation of population-related policies is the responsibility of each country and should take into account the economic, social and environmental diversity of conditions in each country, with full respect for the various religious and ethical values, cultural backgrounds and philosophical convictions of its people" (A/CONF.171/13, article 1.11). His comments would also apply to the five-year reviews of other conferences, including the five-year review of the United Nations Conference on Human Settlements (HABITAT II), which would occur in 2001.

20. Much had been said of the opportunities provided, and the risk of marginalization entailed, by globalization. However, he wondered how that process could benefit people who had no access to drinking water, education, primary health care or decent housing, how those without electricity or telephones could be expected to use the information highway and how small-scale producers, farmers and artisans could adjust to the new rules of the game. Sustainable development must include the basic conditions for economic and social progress. He hoped that the Committee would continue its consideration of that issue and that Member States would have the capacity and, above all, the will to seek a solution that would involved both market forces and the regulatory functions of the State.

21. There was a need for a global, integrated approach to poverty eradication. Developing countries' exports should be given access to the markets of developed countries, and the arrangements agreed under the Generalized System of Preferences must be respected. Moreover, it was increasingly being recognized that Africa's debt burden, which exceeded 100 per cent of GDP, was essentially unpayable. Better management practices in African countries would not solve the problem without significant debt cancellation. In that regard, he welcomed the initiative taken at the June 1999 summit of the Group of Seven in Cologne.

22. Poverty eradication also required combining trade partnerships with increased ODA and promoting microcredit and foreign direct investment. In that regard, he welcomed

the agreements concluded between the European Union and the African, Caribbean and Pacific (ACP) States and hoped that the draft African Growth and Opportunity Act would be adopted by the Congress of the United States of America.

23. His Government was convinced that development required, at the national level, the development of sound economic policy, respect for the rule of law, promotion of the private sector, accountability and transparency in public affairs. The ideals on which the United Nations was based must entail a new development philosophy that would benefit the people of its Member States.

24. **Mr. Andjaba** (Namibia) said that no economy could sustain itself, let alone grow, when faced with indicators such as those mentioned with respect to Africa in the report of the Secretary-General on the work of the Organization (A/54/1, para. 172). The continent's marginalization was exacerbated, moreover, by the unfair international economic system. However, Africans were committed to facing the formidable challenges that confronted them.

25. The implementation of the poverty eradication programmes of developing countries, particularly those of Africa, was hindered by a lack of resources. The United Nations was in a position to address that issue, however, in a holistic, well-coordinated manner. He welcomed the fact that the first annual regional coordination meeting of the United Nations system in Africa, held in Nairobi in March 1999, had adopted the United Nations System-wide Special Initiative on Africa and the United Nations New Agenda for the Development of Africa in the 1990s as the framework for coordinating the Organization's approach to the development of Africa.

26. With respect to globalization, he noted that in its resolution on international trade and development (resolution 53/170, para. 10), the General Assembly had stressed the urgent need to facilitate the integration of the countries of Africa into the world economy and had called for continued efforts to enhance market access for products of export interest to African economies and support for their efforts at the diversification and building of supply capacity. To that end, his delegation called for increased support for implementation of the Plan of Action for the Alliance for Africa's Industrialization, adopted in 1997 by the conference of African Ministers of Industry as part of the programme of the Second Industrial Development Decade for Africa. It was also of vital importance for United Nations bodies and the developed countries to provide assistance to developing countries in the areas of science and technology.

27. The external debt problem of developing countries had been on the agenda of the General Assembly for over 13 years, yet developing countries had to continue to choose between servicing their debt and providing services to their people. General Assembly resolution 53/175 stressed the necessity for a continuing supportive international economic environment (preambular para. 12) and the importance for developing countries of continuing their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth (para. 9). His delegation welcomed the recent undertakings of creditor countries and of the Bretton Woods institutions in that regard.

28. Women made up the majority of the population in most countries, and African development was dependent on their integration into the productive sectors of national economies. He noted that the Economic Commission for Africa (ECA) had chosen "African Women and Economic Development: Investing in our Future" as the theme of its fortieth anniversary conference, held in Addis Ababa in 1998, and that the General Assembly would hold its five-year review of the Fourth World Conference on Women in 2000. The Committee's deliberations should therefore include consideration of the situation of women in developing countries.

29. Prompt implementation of the United Nations Convention to Combat Desertification in those Countries Experiencing Severe Drought and/or Desertification, particularly in Africa remained a challenge, and efforts must be made to galvanize support for the efforts of developing countries, particularly those of Africa, to implement programmes of action to combat desertification.

30. Lastly, he said that the increase in the membership of the Southern African Development Community (SADC) was a sign of its continuing viability and thanked those who had continued to support SADC in the implementation of its programmes, as requested in General Assembly resolution 52/204, para. 5.

31. **Mr. Al-Hajri** (United Arab Emirates) expressed his delegation's support for the statement made by the representative of Guyana on behalf of the Group of 77 and China. International economic relations, notably those between industrial and developing countries, were indeed marred by a lack of fairness and justice, and consequently did not serve the common goals and interests of humanity.

32. While globalization and market liberalization had had a positive impact on some countries, the aspirations of many of the world's peoples, especially those of the least developed nations, remained unattainable because of their worsening economic and financial problems and their burden of foreign debt. The continued decline of commodity prices, along with protectionism on the part of the developed

countries, had wrought severe hardship on the developing countries. Globalization and liberalization should be reassessed, as they had a direct bearing on regional and international security and stability. Constructive dialogue between North and South was called for, with a view to strengthening bilateral and multilateral cooperation. Economic cooperation between neighbouring States, especially in the areas of investment and multilateral trade, was a useful means of enhancing and consolidating relations between them.

33. In view of the critical importance that had accrued to the world economic system, it was essential to eliminate the obstacles to trade used by the industrialized countries to keep out the developing countries' products. Those products must have reasonable access to world markets if the countries concerned were to attract foreign investment and strengthen the private sector. Both a strong private sector and a strong public sector were necessary for the implementation of economic and social development programmes.

34. His country, as one of the first to join WTO, was aware of the importance of enabling other developing countries to do the same.

35. Although a developing country, the United Arab Emirates had striven tirelessly for economic, social and human development, giving priority to infrastructure and applying a policy of economic freedom. Yet it had simultaneously provided aid for many developing countries, especially the least developed countries of Africa, Asia and eastern Europe, and had also given humanitarian assistance to countries stricken by natural disaster or armed conflict.

36. In that context, it was regrettable that Israel continued to apply inhumane practices against the Palestinian people of the occupied territories and to confiscate their land, water and other natural resources, in flagrant violation of the principle, based on the Charter of the United Nations and international law, that land and other resources could not legitimately be acquired by force. Accordingly, the international community should compel Israel to desist from those practices in every part of the occupied territories, including Jerusalem, the Golan Heights and southern Lebanon, to comply with legally binding international resolutions in the matter, and to adopt the principle of land for peace.

37. In general, however, the current international situation was propitious for enhanced economic cooperation between nations and a more determined effort to eliminate the many obstacles still standing in the way of the growth and progress of the developing countries.

38. **Mr. Ralitsoele** (Lesotho) expressed his delegation's support for the statement made by the representative of Guyana on behalf of the Group of 77 and China, and for the various debt relief initiatives taken by the international community thus far. His delegation hoped that a review of the Heavily Indebted Poor Countries debt initiative would lead to the relaxation of its eligibility criteria, thereby enabling Lesotho to qualify. The debt-stressed African countries were attempting to deal with their overdependence on a limited range of commodities by implementing growth strategies that emphasized export promotion and diversification. Successful elements of those strategies included increasing penetration of external markets; facilitating access to imported inputs; creating an enabling environment; improving universal primary education and access to secondary, vocational and higher education, with emphasis on science and technology; promoting entrepreneurship and enhancing the competence of the civil service. African countries had also implemented economic reforms, embraced democracy and furthered regional economic cooperation and integration. The international community should complement those efforts with broadly based financial and technical assistance.

39. The international intergovernmental forum on financing for development, to be held in the year 2001, should address the question in a holistic manner and emphasize its urgency. His delegation fully agreed that such a forum would usher in the new millennium with a momentous demonstration of global solidarity. He stressed the importance of ensuring capital flows from the developed to the developing countries, which would be beneficial to both.

40. Referring to the twenty-first special session of the General Assembly for an overall review and appraisal of the implementation of the Programme of Action of the International Conference on Population and Development, he noted that the five-year interval since the Conference had been insufficient for changes to bear fruit and urged all development partners to provide the necessary resources to complement national efforts.

41. Concerning the twenty-second special session of the General Assembly for the review and appraisal of the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, he said that Lesotho played a significant role in support of small island developing States. Its Deputy Prime Minister had been a member of a task force established by the Commonwealth to bring the vulnerability of small island developing States to the attention of the European Union, the World Bank and WTO.

42. His delegation looked forward to a satisfactory outcome of the 10-year review of the implementation of Agenda 21, to be held in 2002, based on lessons learned in previous review processes. It expected the forthcoming fifth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change to be an important milestone in the elimination of greenhouse gases.

43. **Mr. Naidu** (Fiji) called for a holistic solution to the ongoing effects of the Asian financial crisis, one which was broad enough to take into account such aspects as employment, poverty and health. In the area of international trade, he expressed his delegation's concern at the fate of major export commodities, such as sugar, after the Lomé Convention expired in the coming months and urged WTO to establish specific criteria for the special and preferential treatment of developing countries. He also expressed the hope that the developing countries' efforts to increase their market access in the era of liberalization would be complemented by the necessary assistance and programmes to stimulate investment and productivity.

44. His delegation called for the total elimination of tariff peaks and tariff escalation and an end to trade-distorting agricultural support measures. The size of Fiji, its remoteness (which meant it had to pay excessive freight charges on imports) and its heavy dependence on imports and on only one or two export commodities heightened its vulnerability. The high cost of imported inputs had even negated his Government's devaluation of the dollar in 1998, a measure intended to stimulate exports.

45. The decline in ODA, for which foreign direct investment was no substitute, was worrying. A country like Fiji, which had limited natural resources and was vulnerable to the risks of global financial volatility, had difficulty attracting foreign direct investment. Even the concessionary packages it offered and its well-educated and skilled workforce had thus far seemed to make no difference. He noted with concern that countries with 70 per cent of the world's population received only 10 per cent of foreign direct investment flows and lamented, in particular, the situation of the least developed countries. His delegation fully supported the recommendations of the Committee for Development Policy that developed countries should maintain the level of ODA and channel it into the poorest and most vulnerable countries. International organizations should further assist developing countries to enhance the effectiveness of ODA programmes.

46. His delegation firmly supported the thrust of the draft resolution on the sustainable development of small island developing States that would be introduced in the Second Committee during the current session and stressed the need for the developed and developing countries to renew and strengthen their partnership with a view to implementing the Barbados Programme of Action. Fiji welcomed the efforts of the competent authorities dealing with the special ecological, economic and other vulnerabilities faced by small island developing States. As for climate change, the small island developing States and their marine and coastal resources were vulnerable to sea-level rises, rises in temperature and the alternation between prolonged drought and flooding. Noting the frequency of hurricanes, cyclones and earthquakes in his region, he acknowledged the efforts of the United Nations in designing an early warning system during the International Decade for Natural Disaster Reduction.

47. The increasing technological gap between the developed and developing countries, caused by a concentration of investment in technologically sophisticated countries, was equally disturbing. High import costs made it difficult for small island States such as Fiji to purchase equipment and machinery, including computers, so vital to increasing productivity. He therefore called on the international community to strengthen cooperation in that area.

48. Lastly, Fiji, an archipelago State consisting of over 300 islands, whose very existence depended largely on its marine environment and its ability to exploit its marine resources, including mineral resources, within its exclusive economic zone, attached great importance to the United Nations Convention on the Law of the Sea, the conservation and management of straddling and highly migratory fish stocks and the outcome of the United Nations Conference on Environment and Development.

49. **Mr. Khan** (Director, Division for Economic and Social Council Support and Coordination, Department of Economic and Social Affairs) expressed the hope that, at the conclusion of the Committee's general debate, there would be time for Committee members to exchange views in order to transform what was generally a monologue consisting of individual statements into a dialogue on international economic cooperation, the world economy and its implications for world development. Thus far, the general debate had centred on globalization in all its aspects, including not only finance and trade, commodities and external debt, but also the role of women and gender equality, population and environmental issues, natural disasters, poverty eradication, health, education and technology, particularly information technology. A common theme had been the gap between expectations at the

beginning of the decade and the reality at the dawn of the new millennium, particularly with regard to financing for development and the outcome of the Uruguay Round of multilateral trade negotiations. He noted that significant progress had been achieved in addressing the problem of external debt and hoped that recent initiatives by the Group of Eight would help to bridge gaps in other areas.

50. In the general debate thus far, there had also been broad recognition that development in an era of globalization was different from development in the traditional sense. Under the new concept of development, the quality of growth mattered more than growth in and of itself; it was now important to ensure that growth was broadly based and human-centred, and that it took into account long-term sustainability, environmental concerns and the situation of the poor and vulnerable, which remained a central issue in the Second Committee and the United Nations at large. Other questions had been raised, including some to which there were no answers as yet, such as the effect of population growth on the stability and growth of the world economy; it was to be hoped that that question would be more closely considered during the current session.

The meeting rose at 5 p.m.

United Nations A/C.2/54/SR.5

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Second Committee

Summary record of the 5th meeting
Held at Headquarters, New York, on Thursday, 7 October 1999, at 10 a.m.

Chairman: Mr. Olhaye ..... (Djibouti)

Contents

General debate (*continued*)

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99-81454 (E)

The meeting was called to order at 10.15 a.m.

General debate (*continued*)

1. **Mr. Jayanama** (Thailand) said that, on the eve of the new millennium, one must take stock of the current state of the world economy and its future direction. According to the *World Economic and Social Survey 1999* published by the Department of Economic and Social Affairs, the world economy was not expected to grow by more than 2 per cent in 1999, a rate lower than the average of 2.7 per cent recorded between 1981 and 1990. The gross domestic product (GDP) of the developing countries was expected to grow by only 2.5 per cent, less than half of the rate prior to the financial crisis in Asia, and the development gap between developed and developing countries continued to widen.

2. The economic recovery in Asia had been aided by the robust health of the economy of the United States and its willingness to import from Asia and elsewhere. The benefits had flowed both ways: United States trading partners, especially the countries affected by the crisis, had benefited from export growth while the United States had had the advantage of cheaper imports and could therefore maintain a low inflation rate. It could not, however, be expected that the world's largest economy should continue to be the sole engine of global economic growth. Other key economic centres such as the European Union and Japan should play their part in revitalizing the world economy by, for instance, boosting their domestic demand and offering greater market access to the developing countries. The forthcoming Ministerial Meeting of the World Trade Organization (WTO) in Seattle could be expected to lead to the strengthening of a rules-based trading system and an increase in special and differential treatment for the developing and least developed countries. Closer cooperation among the World Bank, WTO and the International Monetary Fund (IMF) would also be desirable.

3. Globalization could help accelerate a sustained and human-centred development, but it also brought a risk of increased inequity, greater marginalization of economies and a neglect of the human side of development. Unfortunately, the Asian financial crisis had demonstrated that, for many developing countries, the risks outweighed the benefits, leading to an unbalanced global growth. It was therefore necessary to ensure that globalization did not benefit only certain segments of the world community.

4. The rapid liberalization of financial markets that had resulted in exchange rate fluctuations and uncontrolled capital flows had endangered the stability of the developing countries. Admittedly, some of the instability had been caused by the failure of the countries receiving the capital to deal effectively with liberalization, but, in a highly interdependent world, it was important to strengthen the international financial system so that it could cope with any financial disorder. There had been some progress in reforming the international financial structure, but not as much as had been hoped. Nevertheless, the enhanced cooperation between IMF and the private sector in monitoring and restricting short-term capital movements, particularly by curbing the activities of hedge funds, had been a positive first step.

5. In the area of trade, market access remained the fundamental obstacle for developing economies. To compensate for the negative consequences of globalization, it was important to maximize its positive effects so that the developing countries could profit from them. Better access to modern science and technology was essential to enable the developing countries to reduce their exposure to the risks of globalization. Thailand urged developed countries to play an active role in that regard. Since globalization was an irreversible process with multifaceted implications, a comprehensive solution had to be found that would harness the benefits of globalization with minimal risk. The tenth session of the United Nations Conference on Trade and Development (UNCTAD), which would be held in Bangkok in February 2000, should allow a consensus to be reached on that issue.

6. Concerning financing for development, it should be recalled that official development assistance and the multilateral aid of the United Nations system were dwindling, while private capital flows had become the most important source of financing for development. Many countries had had to adjust their policies and economies to private sector demand. Since there were many types of developing economies, it was only natural that there should be different forms of financing for development. There was a strong need for the members of the international community to come together and reflect on new approaches to the mobilization of resources. The question of holding an international conference on financing for development was thus timely. Thailand would give its full support to holding such a conference outside New York, because to do so would better highlight the problem. In that connection, it supported the establishment of a joint task force of representatives of the United Nations and the Bretton Woods institutions, to find ways of engaging the latter in the process of financing for development. The task force could be expanded to include other actors, among them the private sector. Thailand also supported the establishment of a preparatory committee

that would also be responsible for a substantive discussion of issues such as the outcome and follow-up of the conference. Regional meetings would no doubt provide useful ideas in the course of the preparatory process.

7. Thailand commended the efforts by United Nations agencies to support development programmes despite their own financial constraints. Regrettably, their financial outlook was expected to deteriorate further in 1999 and 2000. If nothing was done to reverse the situation, the partnership between donors and recipient countries would weaken and multilateral assistance would be under threat. Since financial resources were principally concentrated in the hands of the private sector, Thailand supported the Secretary-General's effort to forge an enduring partnership with it. It welcomed the convening of the high-level meeting of the Economic and Social Council with the executive boards of IMF and the World Bank, and the exchange visits between United Nations officials and World Bank executives. In the same manner, it would like to see stronger contacts between the Economic and Social Council and WTO.

8. Migration was a very complex issue to which Thailand, as a sending, transit and receiving country, attached great importance. It had organized the International Symposium on Migration, held at Bangkok in April 1999, with the collaboration of the International Organization for Migration (IOM). As a follow-up to that symposium, UNFPA, UNITAR and IOM would convene, in November 1999, at Bangkok, courses on migration law and policy for Asian and Pacific countries, which would address national and regional problems, the overall dynamics of migration, the main international and regional commitments, and legal standards in the field of migration. The courses were meant to provide the necessary tools and mechanisms for national and regional migration management and cooperation. Thailand supported the convening of a United Nations conference on international migration and development. Its success would, however require adequate preparation, including discussions on technical matters at the regional level.

9. Environmental issues were an integral part of people-centred development. Sustainable management and conservation of the environment were key elements in Thailand's domestic and foreign policy, and the new Constitution recognized the right to a healthy environment. In order for developing countries fully to achieve environmental goals, developed countries must provide financial and technical assistance and promote the transfer of environmentally sound technologies. In that regard, Thailand upheld the principle of common but differentiated responsibilities.

10. **Mr. Calovski** (The former Yugoslav Republic of Macedonia) said that, although his country was aware that development and economic cooperation largely depended on the performance of the large economies such as those of the United States of America, the European Union and Japan, the United Nations could play an important role in ensuring that all economies advanced and in preventing the marginalization of small countries.

11. According to estimates, the performance of many developing and developed countries had improved in 1999. Nonetheless, in many countries, conflicts and natural disasters had had a negative impact on the economy. Efforts must be made to ensure that all countries benefited from the growth in the world economy.

12. All countries were preoccupied by the effects of globalization, regional integration and economic reforms. They were attempting to achieve sustained growth, to ensure sustainable development, to resolve the problem of access to markets, capital, and technologies, to enhance their economic integration, to fight unemployment and to find a solution to the problem of global warming. Each country had its own priorities, which depended on its level of development. The international community had not succeeded in narrowing the development gap, which continued to widen although the world economy had never been so prosperous. Such differences in developmental levels were a source of poverty, instability and social stagnation. Poverty was still the main problem of most Members of the United Nations.

13. His country was especially concerned about its integration into the European Union, unemployment, the effects of the Kosovo crisis, the markets it had lost and the means of attracting more foreign investments, while at the same time continuing its programme of economic reform. It could not solve its problems without external assistance, simply because most of them were of an external nature. That was why it accorded such importance to its integration into the European Union, as well as to stability, reconstruction and regional development.

14. Globalization could and should be managed, as many speakers had affirmed during the general debate of the General Assembly. For example, problems related to international economic cooperation should be examined at the WTO Ministerial Conference in Seattle, and by the UNCTAD meeting in Bangkok. It was important that all actors in the United Nations system took part in efforts to manage globalization and to attain certain goals. Realistic measures and commitments should be taken at the global, regional and national levels.

15. Within the context of efforts to promote development and to enhance international cooperation, it was essential to strengthen regional and global integration, to reduce unemployment and to create jobs, to widen access to markets, especially those of developed countries, to resolve the debt problem, to enhance investments in developing countries and countries in transition, and to implement Agenda 21.

16. The eradication of poverty, the improvement of education and the elimination of all forms of discrimination should be part of every global endeavour to create a better future. Special efforts should be made to stem the decline of official development assistance. Success meant the achievement of sustained growth and sustainable development, which could not be achieved without peace, stability, democracy, respect for human rights, good governance and the rule of law.

17. The time had come to address the concepts of, *inter alia*, interdependence, developed and developing countries, countries in transition and rich and poor countries, which had been created in an environment of confrontation. In an era of cooperation and globalization, there was no more room for those misleading concepts, which divided countries instead of uniting them.

18. **Ms. Morake** (Botswana) said that recent trends in the world economy had had very adverse effects on the economies of developing countries, particularly in Africa, exemplified by falling commodity prices, increasing unemployment, rising poverty, the decline in official development assistance, decreased flows of foreign direct investment and the debt burden overhang. The situation had been further exacerbated by natural phenomena such as El Niño, the HIV/AIDS pandemic and the resurgence of tuberculosis and malaria.

19. Bleak as the situation was, there were nevertheless a number of positive elements. The forthcoming WTO Ministerial Conference in Seattle would provide an opportunity to address obstacles which inhibited the integration of the developing countries in the world economy on the basis of the post-Uruguay Round agreements, in particular protectionism and the possibility of affording preferential treatment to goods from the weaker economies. Moreover, global conditions continued to offer prospects for economic growth and prosperity thanks to the efforts being made throughout the world in favour of peace, democracy and good governance, the increasing exchange of data and new technologies and the interdependence of countries in all areas of human life, which contributed to forging a common destiny for all. In that context, the international community should combine its resources and exploit its full potential to ensure a better quality of life for individuals and societies.

20. The reality was that the world was fraught with stark inequalities due to the uneven distribution and utilization of wealth. Africa was a case in point, even though some of the serious difficulties it faced were due to mismanagement and poor policies. In its *Trade and Development Report* for 1999, UNCTAD had predicted that, in the wake of the Asian financial crisis, economic performance in 1999-2000 would be inadequate. For example, in the countries of the Southern African Development Community an average growth rate of 3 to 3.5 per cent was expected, whereas the growth rate required to reduce poverty in the subregion was 6 per cent.

21. By and large, poverty remained a rural phenomenon. In order to alleviate poverty through a cross-cutting approach, her country had launched an Accelerated Rural Development Programme for the creation of basic infrastructures in all the key sectors of the rural economy and had put into effect a financial aid policy on behalf of entrepreneurs in rural areas, particularly women. Important as such initiatives were in the rural environment, growth could only be generated by the export-oriented industrial sector. In order to increase its capacity, her country needed larger amounts of official development assistance and concessional financing and needed to attract more foreign direct investment. In that connection, the work of the General Assembly's ad hoc open-ended working group on financing for development, which had identified a cluster of issues on globalization, trade and finance that impacted on development was to be welcomed. In order to ensure a concrete outcome, it was essential that the Bretton Woods institutions and all other stakeholders should participate fully in the development process.

22. There was no disagreement that the problem of underdevelopment was a serious threat to peace and security throughout the world. The United Nations system must therefore be adequately financed in order to carry out its role fully in that connection; that applied particularly to UNDP and UNFPA, whose level of resources was continuing to decline. The five-year review of the implementation of the outcome of the International Conference on Population and Development had indicated that population issues were closely related to socio-economic issues as a whole, and that a comprehensive approach was called for. That was why it was important to provide adequate resources to UNFPA to enable programmes addressing the dynamics of population and development to be implemented.

23. Finally, as the participants in the special session of the General Assembly on small island developing States had emphasized, the effects of global warming had begun to take their toll. In southern Africa, two factors had had a serious impact on the economy, the El Niño phenomenon, which had affected the agricultural sector, and drought, which was exacerbating the process of desertification. For that reason, her country attached great importance to the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa.

24. **Mr. Rosenthal** (Guatemala) suggested that the Committee shall adopt a global approach to its work during the current session to introduce a sense of coherence. During the general debate of the General Assembly, numerous representatives had pointed out that the globalization of the economy had had very dissimilar effects on different categories of countries; its benefits seemed to be inversely proportional to the level of development. The gulf separating the economically disadvantaged countries from the more advanced countries tended to become deeper, just as it did between the poorest and the wealthiest developing countries. The conventional wisdom had long been that globalization would be of benefit to all countries, provided there was a level playing field. The fact was, however, that the more disadvantaged countries still needed some differential treatment in order to enable them to become more competitive in the international market.

25. The United Nations was well equipped to contribute to the creation of conditions whereby the gulf could be reduced, both through its normative and analytical work and through its operational activities aimed at strengthening economic, institutional and organizational capacities. On the eve of the next millennium, the world community should promote development for the benefit of all.

26. Another tendency, which was outside the jurisdiction of the Committee, had also emerged during the general debate; the clash between State and individual sovereignty, and the rules through which sovereign nations would coexist in the future. It would be difficult to maintain peace between and within nations if extreme poverty, marginalization and social injustice associated with economic backwardness persisted. Security and development were therefore linked.

27. His delegation attached great importance to macroeconomic policy questions (item 97 of the agenda) and particularly the financing of development because that item would provide an opportunity to revisit the main questions that were of concern to the Committee from the vantage point of finance and to better define the economic role that the United Nations should play. For the financing of development, some sort of partnership should be established with the World Bank. Such an alliance would force the two bodies to consider their comparative advantages, that of the United Nations clearly being linked to its capacity to convene international conferences.

28. **Mr. Wibisono** (Indonesia) said that at the present session, the last in the twentieth century, the Committee should reflect on the level of development achieved in the past few decades and assess the successes and failures in fulfilling the purposes set forth in the Charter of the United Nations. Unfortunately, on the eve of the new millennium, those objectives were far from having been attained: a billion and a half people lived in abject poverty and there were ever-widening gaps between the developed and developing countries.

29. The world economy, although it had emerged from a devastating financial crisis, was still caught in the grip of vast uncertainties and dysfunction, as indicated in the *World Economic and Social Survey* of 1999 and the *Trade and Development Report*. Growth had fallen to 1.7 per cent in 1998 because of the crisis in Asia, which had cost the world economy a total of 260 billion dollars in 1998. Although a turnaround was taking place, growth rates in the majority of countries were short of what was necessary to ensure a substantial improvement in living standards or a significant reduction in poverty levels, and prospects for 1999 did not promise any major improvement.

30. Those trends were taking place in an economic era dominated by globalization, liberalization and interdependence, which had unleashed tremendous opportunities but in a very uneven manner, causing turbulence in the developing countries. The lessons were clear that open markets and competition did not automatically foster growth and development and did not automatically reduce inequality. Hence the need for the international community to harness the tremendous power of globalization and liberalization.

31. The limited signs of recovery should not divert attention from the problem of the volatility of the global financial system. Capital markets, especially short-term private capital flows, should be subjected to rigorous surveillance and regulation. Domestic, regional and international financial institutions should be strengthened, and capital flows should be supportive of growth and development. The Committee had the means to respond to those critical challenges by intensifying international partnership and solidarity in order to improve the management of an increasingly interdependent global

economy. The high-level meeting held at the fifty-third session on renewal of the dialogue on strengthening international economic cooperation for development through partnership had constituted a step in the right direction. The Committee should maintain the spirit of dialogue which had presided over that fruitful event in order to create a true partnership for development rooted in mutual interests and shared responsibilities. The exchanges within that framework should address the concerns common to both developed and developing countries by giving emphasis to financing for development, external indebtedness, international trade and commodities, and the transfer of knowledge and technology.

32. While globalization had caused an exponential increase of financial flows, in particular private investments, such flows bypassed most of the developing countries. Aggravated by the decline in ODA, the shortage of financial resources constituted the most debilitating constraint facing development. A welcome must therefore be given to the efforts of the Ad Hoc Open-ended Working Group on Financing for Development which advocated the delivery of a regular and predictable volume of resources for development. It was essential for the developed countries to achieve the 0.7 per cent target for ODA and to reform the international financial system in order to ensure greater coherence between the financial, monetary and trading systems, with a view to reducing volatility and preventing financial crises.

33. The chronic shortage of funds compounded the perennial issue of foreign debt. In that connection his delegation welcomed the Cologne initiative for the heavily indebted poor countries and hoped that it would be rapidly translated into action; it was also grateful to the countries which had initiated a debt-relief programme and hoped that arrangements would be put in place to include other heavily indebted countries in that type of initiative.

34. The international trading system, like financial resources for development, was a powerful engine of economic growth and development. If the developing countries could more easily export their goods, their external earnings would be largely sufficient to fund their development. The promises of the Uruguay Round, such as the establishment of a rule-based, secure and predictable multilateral trading system, had not been realized owing to a number of obstacles: for instance, the developing countries lost their comparative advantage when their products were subjected to extraneous conditions (compliance with environmental standards, labour regulations, human rights) or when they were hit by disguised protectionist measures (anti-dumping, subsidies and countervailing duties). In order to reverse those trends the international community must find ways of regulating the multilateral trading system better and rendering it more equitable and transparent. It was to be hoped that the preparations for the third WTO ministerial conference in Seattle would help to improve the implementation of the Uruguay Round agreements and that the preparations for the tenth United Nations Conference on Trade and Development would be given increased impetus. Attention must be drawn to another meeting forming part of the debate on growth and development: the South Summit to be held in Cuba in 2000. Lastly, in the context of North-South cooperation the widening gap between developed and developing countries in terms of technological research and development and human resources must be reduced. Such action could start at the high-level segment which the Economic and Social Council was to hold in 2000 on the theme of information technology and its impact on the developing countries. On the threshold of the new millennium the international community was offered a historic opportunity to harness the powerful forces of globalization in the service of mankind.

35. **Ms. Vargas** (Costa Rica) said that the elimination of poverty and the promotion of development were priority tasks for the United Nations, and indeed for its Member States, for the principal goal must be to create conditions to guarantee the material well-being of peoples and the personal and spiritual development of human beings.

36. Unfortunately that goal was far from being attained in a world in which 1.5 billion people lived on less than a dollar a day and 830 million suffered from malnutrition. Of course it was the duty of every State to take the necessary action at the domestic level, but international solidarity must also play its part. In fact, the challenge of poverty was a multidimensional one. It concerned all sectors, be it food, health, housing, education, vocational training, employment or productivity. It required the elimination of the structural obstacles accompanying the phenomenon of poverty, such as financial imbalances, the lack of capital for productive investments, limited access to international markets, and the natural disasters which ruined the most vulnerable economies.

37. In view of the enormity of that task Costa Rica believed that the only possible solution was to introduce an ambitious social investment plan; it would be necessary to cut military budgets and allocate the resources thus saved to education and health. By giving priority to social investment for the past 50 years Costa Rica, although its resources were limited, had education and health indicators similar to those of the developed countries. Its population's

quality of life was high and its political and economic stability admirable.

38. It was nevertheless true that poverty could not be reduced without resources. The fight against poverty must therefore be accompanied by the promotion of sustainable economic development. The international order must be recast in a more equitable and balanced mould to enable all countries to benefit equally from the advantages of globalization, trade and investment must be turned into engines of development within the framework of an open trading system, and a new international financial system must protect the developing countries against the financial crises which devastated their development.

39. The international community must also take action to protect natural resources because such action was indispensable for national and global development. Environmental protection was not only an economic imperative but also a fundamental humanist undertaking, for future generations had a right to dignity, a sound environment, development and health. Costa Rica had written the right to a sound environment into its Constitution and had taken various measures to safeguard its rich biological diversity and encourage a kind of development which respected the environment. It advocated the introduction of an international system of incentives and penalties which would distribute the costs of pollution more fairly and share out more fairly the advantages of the protection of natural resources; Costa Rica therefore called for the comprehensive implementation of the Kyoto Protocol.

40. Against that background attention must be given to the vulnerability of the developing countries with regard to natural disasters and the effects of climate change, which were jeopardizing the progress made in their struggle against poverty and for sustainable development. In Central America Hurricane Mitch had caused great loss of human life and material damage and had left deep scars in economies. It was true that where vulnerability was concerned the inequalities were worsening, so that it was the countries with the most fragile economies and the least resources which suffered the most from the effects of natural disasters. It was therefore essential to create international financial mechanisms to provide rapid and effective responses to the various types of crisis which struck the developing countries.

41. In view of all the structural obstacles to the elimination of poverty and the maintenance of sustainable development the international community must shoulder its responsibilities and demonstrate a spirit of common cause and solidarity.

42. **Mr. Aujali** (Libyan Arab Jamahiriya) said that on the threshold of the third millennium, it was useful to take stock of the action taken by the United Nations to give expression to the hopes raised by the great principles enshrined in the Charter of the United Nations, especially in the area of international cooperation, in order to resolve economic, social, cultural and political problems. While the Organization had scored definite victories in the political arena by strengthening the bases for peace, security and stability in various regions, its achievements on the economic front left much to be desired. Most developing countries were still grappling with the same problems, namely external debt, poverty, unemployment and diseases, and were expecting the Organization to take specific action. Despite the unprecedented economic and technological strides achieved in the industrialized countries and in some countries of the Third World, economic recession was affecting over 100 countries, where more than 1.6 billion people had suffered declines in their earnings. Of the six billion inhabitants of the planet, half lived on less than $2 a day, while 1.3 billion lived on only $1 a day. According to the World Bank, those figures would rise to four and 1.8 billion, respectively. The efforts made by developing countries to improve their situation through reliance on their own resources were frustrated by obstacles and difficulties created by the behaviour of certain developed countries, including enforcement laws and measures, economic embargoes, declining commodity prices, protectionism and difficulties in securing access to markets, external debt, declining official development assistance (ODA), difficulties relating to the transfer of technology and the failure by donor countries to honour their commitments. Moreover, certain developed countries were putting pressure on United Nations development agencies by making the granting of assistance subject to certain conditions, which tarnished the Organization's credibility and neutrality and offended the dignity of potential recipient countries. Aid was thus made conditional on the restoration of democracy, good governance, capacity-building and respect for human rights, instead of focusing on economic development proper, in conformity with the 1993 Vienna Declaration and Programme of Action and the Copenhagen Declaration on Social Development, which was considered as being an integral part of fundamental human rights. Every United Nations body should focus on the mandates assigned to it by the General Assembly. It was unacceptable that external offices should be transformed into political bodies at the service of human rights organizations. Certain countries which flouted human rights were using the question of human rights to justify interference in the political affairs of other countries.

43. Civil society and the private sector played an undeniable role in development. However, the State alone was in the best position to undertake certain tasks by including social welfare in its policy and strategy, especially since the World Bank had forecasted that the situation of developing countries would worsen over the next few decades as a result of globalization. He hoped that United Nations bodies would not succumb to attempts aimed at restricting the State's role in the sustainable development process and limiting the right of developing countries to strengthen their capacities and institutions in order to meet the challenges of globalization and economic and trade liberalization. Africa's economic situation continued to deteriorate despite the efforts of African countries to solve their development problems. Notwithstanding those difficulties, some regional conflicts had been settled and his country had been involved in those efforts through a number of initiatives, including the Peace Agreement for the Great Lakes Region signed at Sirte.

44. The economic and social consequences of the occupation by Israel of Palestinian territories, Jerusalem and the Syrian Golan constituted a violation of the relevant United Nations resolutions. The international community should therefore strengthen its solidarity with the Palestinian people and the Arab population of the occupied Syrian Golan. The United Nations was fully aware of the devastating consequences of embargoes and economic sanctions imposed arbitrarily against developing countries, either unilaterally or by the Security Council. The international community must put an end to that policy, which was aimed at hindering the trade of developing countries and imposing specific economic and political models on them. All the embargoes must be lifted and all the developing countries that had been subject to such embargoes should be compensated for the losses suffered.

45. **Mr. Kumalo** (South Africa) said that the primary responsibility for the development of Africa lay with the African countries themselves, which were faced with deteriorating terms of trade and had extremely limited access to foreign direct investment. There were many regional initiatives aimed at pooling resources to eradicate poverty, resolve conflicts and ensure economic growth and sustainable development. It was therefore a source of concern that Africa accounted for only 5 per cent of the total international financial flows to developing countries, and that ODA and other development assistance continued to decline sharply. While the declaration by the Group of Seven of their willingness to address the indebtedness of poor countries was welcome, the debt relief measures should be well designed and take into account the economic interests of the debtor countries.

46. Poverty eradication continued to be a major problem for developing countries, especially least developed countries. The crisis of funding facing the United Nations Development Programme was a source of deep concern, as it threatened to undermine the Programme's universality and capacity to meet its mandates. South Africa reaffirmed the importance of convening a high-level conference on Financing for Development before 2001, which would make it possible to reach an international consensus; the process should include all stakeholders, especially the private sector.

47. The world economy had been undergoing profound changes as a result of globalization, especially in the area of science and technology. Transfer of technology must be intensified and more attention should be paid to new technologies, particularly environmentally sound technologies, and the capacity of developing countries in that regard should be enhanced.

48. The upcoming ministerial meeting of the World Trade Organization (WTO) was of considerable significance. It should address the implementation of agreements reached in previous negotiations, especially in the areas of agriculture, textiles and clothing. In the context of trade liberalization, it was urgent that subsidies, particularly in the agricultural sectors of developed countries, should be removed in order to level the playing field.

49. As far as sustainable development was concerned, the assessment of the follow-up to the Rio Conference was mixed. While developing countries had made efforts to integrate environmental, social and economic objectives into decision-making, international commitments had hardly been fulfilled. Attention needed to be focused on the conservation and sustainable use of biological diversity. South Africa supported the conclusion of a balanced biosafety protocol on the prevention of biosafety risks. Adequate financial resources should be provided for the implementation of the Convention to Combat Desertification.

50. **Mr. Myint** (Myanmar) said that in the twenty-first century the United Nations would confront new challenges to multilateralism in the era of globalization. One of the topics put forward for the Millennium Summit — the issue of poverty eradication — directly concerned the Committee. Disparities of income and wealth were unacceptable, and it was the duty of the international community to find practical ways to alleviate the problem. Uncontrolled flight of capital had placed some nations and Governments in jeopardy, and the recent financial crisis had shown that the international system suffered from a serious flaw, the lack of an

institutional framework to regulate international financial flows. A new international financial architecture was needed, but now that the crisis had passed, momentum in that direction had waned. Existing institutions, whether national or international, were inadequate to deal with financial globalization, and reform was essential in order to prevent costly new crises.

51. The Heavily Indebted Poor Countries Debt Initiative launched in 1996 has been lauded at the time for its boldness. Since then, the Group of Seven countries had developed bilateral initiatives for debt relief. At the Cologne Summit, they had adopted a programme to write off about one third of the total debt of poor countries; it was a step forward, but fell short of the expectations of the indebted countries, which had been hoping for more. Proposals to cancel the entire debt, such as the Jubilee 2000 initiative, had yet to be realized. Relieving the debt burden of poor countries, where 60 per cent of government spending went to service the debt, was a moral obligation.

52. In its resolution 53/169 on the role of the United Nations in promoting development in the context of globalization and interdependence, the General Assembly had recognized the urgency of working together in developing a global approach to mitigate the negative consequences of globalization and interdependence. There was one universal solution to the problems arising in different countries or regions; situations must be addressed on a case-by-case basis. The international community could, however, take action in such areas as financial flows, technical and technological assistance, creation of a favourable global economic environment and promotion of a partnership for growth and development. It should also provide appropriate assistance to efforts on the national level to face the costs of globalization.

53. With regard to the role of women, the importance of whose contribution has been underlined at the Fourth World Conference on Women, Myanmar was proud to have adopted many positive measures, entailing, among other things, the creation of institutions for the advancement of women and the implementation of the Beijing Platform for Action and the Convention on the Elimination of All Forms of Discrimination against Women, to which it had acceded in 1997.

54. **Mr. Gangkhuyag** (Mongolia) said that, while globalization opened up new opportunities for economic development, it also entailed a risk of marginalization for many developing countries. The adverse effects of globalization could not be prevented solely by unilateral measures; that required a global approach combining the concerted efforts of the international community and greater participation by the private sector, which possessed abundant development experience and technical and financial resources. A nation's development depended on good governance in a context of open, transparent and accountable public institutions and a relationship of trust with the private sector and civil society.

55. The most crucial issue for developing countries was financing; most were dependent on external sources of financing. The burden of external debt, the drop in commodity prices, the worsening of the terms of trade and the decline in official development assistance were some of the factors preventing those countries from financing their development. Mongolia therefore attached great importance to the forthcoming high-level intergovernmental forum on financing for development.

56. Lack of access to the sea was also a serious handicap to development. Landlocked developing countries were in danger of further marginalization in the face of growing globalization. Prohibitive transportation costs were a grave impediment, hence the importance of timely implementation of the transit transport framework agreement and the decisions of the trilateral meetings on the issue. The support of the international community was more urgent than ever in order to integrate the 29 landlocked developing countries into the global economy. As one of those countries, Mongolia attached great importance to the draft resolution on their specific problems, which was to be submitted to the General Assembly during the present session. It was eager to cooperate actively with its foreign partners in different fields, including the development and improvement of the transit transport infrastructure, in particular through the creation of a subregional legal framework.

57. The debt burden was a major impediment to the economic and social progress of many developing countries. Although the Heavily Indebted Poor Countries Debt Initiative was important, debt relief was required on a much more comprehensive scale, through innovative approaches, and not on a case-by-case basis. South-South cooperation and economic and technical cooperation among developing countries were of vital importance; his country looked forward with interest to the South-South summit to be held in Cuba in April 2000. On the issue of sustainable development, Mongolia would like to see implementation of Agenda 21 accelerated so that all dimensions of development — economic, social and environmental — would be taken into account.

58. Ten years earlier Mongolia had begun its transition to a market economy and a democratic society. It had enjoyed

five consecutive years of economic growth; the inflation rate had been brought down to the single-digit level; and dynamic private companies were operating in key sectors of the economy. However, many serious problems remained: the terms of trade had deteriorated sharply because of the fall in the prices of the country's main exports, copper and cashmere; the banking sector was still very weak; and some important sectors of the economy were still State-controlled. Mongolia had initiated a medium-term economic and social development strategy with the main aims of promoting and diversifying exports, introducing modern technologies, and improving the management of human and financial resources; another vital task was to improve the efficiency and coordination of foreign aid, in the hope that donor assistance could be gradually reduced.

59. **Ms. Taddei** (San Marino) said that her country was concerned by the widening gap between industrialized and developing countries and concurred that in an increasingly interdependent world development required well-planned, coordinated and adequately funded international action. For some time the United Nations had been playing an important role in that regard by putting into practice various methods of cooperation for development. The United Nations Development Group, for example, had undertaken interesting initiatives to explore the possibility of private sector participation in various development issues. The United Nations Children's Fund (UNICEF) had launched a global campaign in collaboration with the private sector to eliminate polio in many parts of the world.

60. It was important that the international institutions dealing with economic and human development should join forces to reach common goals. Her delegation welcomed the enhanced cooperation between the United Nations and the international financial institutions through various initiatives, such as the participation of representatives of the World Bank at meetings of the General Assembly and the Economic and Social Council. The United Nations had also cooperated actively with regional development banks regarding the Asian financial crisis.

61. Poverty eradication remained one of the international community's most urgent tasks. She therefore welcomed the initiatives recently taken by the United Nations in order to raise awareness of the subject through research, publications and debate. Poverty meant not only lack of access to consumer goods, but also on inability to make choices and thus a lack of freedom. The recent financial crisis, natural disasters and new outbreaks of war had aggravated the problem in recent years.

62. The United Nations should devote particular attention to the African continent, where 44 per cent of the population lived in absolute poverty and over 30 million people were affected by acquired immunodeficiency syndrome (AIDS). In order for Africa to halve the absolute poverty rate by 2015, its annual gross domestic product (GDP) must rise by 7 per cent; at present, it was rising by between 3 and 3.5 per cent. One of the primary obstacles to the achievement of that goal was the heavy debt burden, which was equivalent to 300 per cent of exports in goods and services by countries of the region. Various initiatives had been launched by the donor community during the past few years in order to alleviate the debt burden of developing countries; *inter alia*, the Group of Eight had undertaken an initiative to mobilize the funds needed for implementation of the Cologne agreement and several countries had decided to cancel bilateral debt. The United Nations should become the main forum for discussion of that matter. Her delegation associated itself with all the delegations that had called for a durable solution to the debt problem and would be among the sponsors of a draft resolution on that issue.

63. It was important for the savings deriving from debt reduction or cancellation to be used to foster economic and social development and, in particular, to improve education and health care. However, finding a solution to the debt problem was only the first step; other measures to promote development must be taken. It was also important to bear in mind the close link between democracy, the rule of law, respect for human rights and sustainable development.

64. There was increasing awareness that environmental degradation knew no borders and that the international community had an obligation to future generations. Her Government had recently acceded to the United Nations Convention to Combat Desertification and had previously ratified the Convention on Biological Diversity and the Framework Convention on Climate Change. Although San Marino was not directly affected by drought or desertification, her Government was aware that certain patterns of production and consumption, generally followed by the industrialized countries, could have an impact on countries affected by that problem. Her Government would make every effort to increase awareness of the issue, particularly among young people, and to identify types of behaviour that would help to mitigate the problem.

65. The advancement of young people should become one of the Organization's main tasks, one that would benefit both human development and human rights. In that regard. She welcomed United Nations efforts to build partnerships and strengthen its commitments to supporting young people around the world.

66. **Mr. Özügergin** (Turkey) said that development was a global concern that should transcend ideologies and short-term interests. It was primarily the responsibility of each country and required sound, sustainable management of human and natural resources, good governance, transparent legal and regulatory frameworks and an outward-looking, rule-based market economy; however, sustainable development also required international cooperation.

67. It was imperative for developing countries to be provided with the necessary financial and technical assistance and for efforts to be made to ensure the integration of those countries and, in particular, of the least developed among them, into the global financial and trade system. The international community should take into account the needs of those countries in order to reverse the growing marginalization of the poor and to make progress towards human development. In that regard, he welcomed the initiatives taken in Cologne and Washington.

68. Efforts should be made to revitalize the mechanisms designed to ensure follow-up to decisions taken at the major conferences organized under United Nations auspices during the current decade, which had elaborated a global agenda for sustainable development in the 21st century.

69. In a recent *World Development Report*, the World Bank had identified globalization and localization as two forces that would alter the development landscape in the early decades of the next century; local communities were becoming far more involved in their own development processes. Those two trends underscored the growing interdependence of countries and suggested that nation-States would gradually cease to be the sole agents for development.

70. The Committee should continue to provide the necessary political support for the strengthening of the international financial system, including its adaptation to global needs. In that regard, the question of worldwide poverty eradication should be addressed constantly.

71. While the United Nations was not the proper forum for discussion of issues relating to the international financial architecture, it was nevertheless responsible for generating the necessary will to bring about change.

72. The Committee, through its deliberations, could make a useful contribution to the international debate. The renewed dialogue within the United Nations system was an encouraging indication that all groups of countries had decided to reaffirm the centrality of development and to address poverty as its most urgent component.

73. **Mr. Bhattarai** (Nepal) said that at the dawn of the new millennium, the developing countries were still faced with serious social and economic problems. While the various conferences organized under United Nations auspices had shown how the quality of life of those countries' people could be improved, implementation of the resulting recommendations had not met expectations and the gap between the levels of development of the developed and developing countries had further widened. For that reason, the international community should mount a collective effort and launch a new strategy to combat poverty in a time of increasing globalization. In particular, it should endeavour to meet its commitment to halving global poverty by 2015 and should forgive fruitful partnerships to that end.

74. The development cooperation established during the twentieth century had made it possible to address some of the serious problems of development, but the development process had not gained sufficient momentum, primarily owing to a lack of sufficient private partnerships. The marginalization of the least developed countries was a consequence of the low rate of foreign direct investment and of dwindling official development assistance (ODA). The case of landlocked countries such as Nepal was even bleaker; the country's mountainous topography and sparsely distributed population made it difficult to provide services, however basic. In particular, high transit and in-country transport costs must be reduced; the mechanism of the tripartite high-level meeting between landlocked and transit developing countries and representatives of donor countries and institutions could be extremely useful in that regard.

75. **Mr. Pradhan** (Bhutan) said that one of the major problems facing the global community was severe poverty. During the 1990s, several international conferences had addressed such issues as child welfare, environmental protection, the advancement of women, trade, debt and finance. The decisions and action programmes adopted at those conferences showed the path that should be followed at the national, regional and global levels towards sustainable development. Those decisions must be implemented collectively in order to achieve the desired goals.

76. A vital issue before the Committee was financing for development. Preparations were already under way for the convening of a high-level intergovernmental conference on that topic in 2001. That meeting would have profound repercussions in the new millennium, and it was therefore imperative that it should yield tangible results.

77. The developing countries had been meeting on the fringes of the fifty-fourth session of the General Assembly

to consider their positions on the various agenda items. Bhutan endorsed the ministerial communiqués of the Movement of Non-Aligned Countries, the Group of 77 and China and of the least developed countries, outlining the thrust that the international community must give to its activities to tackle the serious social and economic problems of developing countries, in particular the least developed countries.

78. By 2001, Bhutan would have completed four decades of planned socio-economic development. Significant progress had been made in every area of development, including communications, health and education, trade and industry and environmental protection, by pursuing a self-reliant, sustainable and people-centred approach that valued the quality of life. Bhutan still faced resource constraints in financing its development expenditure and required the continued support of the international community. The imperatives of globalization had accentuated the problem, and he emphasized the need to increase ODA and the core resources of the multilateral development agencies of the United Nations system, in order to prevent the failure of development and poverty eradication programmes.

79. **Mr. Bocoum** (Mali) said that one of the major concerns of developing countries was financing for development on the basis of a true spirit of partnership between rich and poor countries.

80. Experience had shown that the amount of resources allocated to development did not always have a proportionate effect on human development and poverty reduction. Projects were not always sustainable, resulting in a clear preference for programme assistance. The complexity of the procedures set up by donors and the proliferation of parallel structures made it difficult to manage assistance well and weakened national institutions. National capacity to manage development strategies was insufficient, and the lack of transparency and information was detrimental to the system. The multiple layers of decision-making and the gap between theory and practice had also limited the effectiveness of the measures taken. Moreover, tied aid was often detrimental to the relationship between quality and price and sometimes led to the use of inappropriate technology, with the ensuing problems of maintenance owing mainly to lack of skills and replacement parts.

81. It was impossible to motivate a people to produce more when they could not enjoy the fruits of their efforts because of an unfair distribution of the profits, debt overhang or unfair competition. It was essential to demonstrate greater equity in international relations. The development of Mali and of Africa as a whole was a guarantee of growth for Europe, Asia and the Americas.

82. The true challenge that the international community must face was social development. The debate on that issue was focused on exclusion, whether of individuals, social groups or nationalities. Humanity could not accept the growing impoverishment of the majority at a time when scientific and technological advances gave hope for universal social well-being. It was high time for the international community to acknowledge the need to form a true global coalition for the good of humanity.

83. **Mr. Murat** (Haiti) said that, although the financial crisis of 1997 and 1998 had not led to a widespread economic recession, it had worsened the situation of developing countries, in particular the least developed. Despite the efforts of the United Nations system, the goal of poverty eradication was still far off. One and one-half billion people lived on less than a dollar a day; one billion adults were illiterate; and half the population of sub-Saharan Africa lived in absolute poverty. Haiti was concerned by that situation, it nevertheless continued its efforts to enhance its own economic development, which required the support of the international community.

84. The Committee should devote particular attention to the subject of international cooperation for development. In that regard, the United Nations Development Assistance Framework was a valuable tool enabling it to contribute to country development efforts.

85. The Haitian Government was concerned at the shrinking budget allocations among the major donors for international cooperation. Indeed, ODA had declined from $2.3 billion to $1.8 billion in less than 10 years. That tendency must be reversed, as such assistance was essential to the majority of developing countries.

86. Once again the Committee must consider the relationship between external debt and sustainable economic development. The realization that resources allocated to debt servicing were choking off efforts to meet the needs of the people was the basis for the Cologne debt initiative for the highly-indebted poor countries, intended to relieve their debt burden and thus encourage their economic development.

87. While welcoming that initiative, the Committee should call on the major global creditors to reduce or eliminate the conditionalities placed on that initiative, to allow all developing countries to benefit fully.

88. The many challenges inherent in globalization required a review of development policies. His Government was taking steps to increase the involvement of civil society in

economic development. It also welcomed the initiatives of the United Nations Development Group, which was considering forming partnerships with civil society in tackling a number of development problems.

89. His Government reiterated its support for technical cooperation among developing countries, the cornerstone of South-South cooperation. The South Summit to be held in Havana in 2000 would help to enlarge the scope of such cooperation activities.

90. Urgent measures were also needed to revitalize international cooperation for development in the area of technology transfer.

91. The gap separating developed and developing countries continued to widen, as confirmed by the *Human Development Report* 1999. That imbalance led to increased migratory flows, environmental degradation, conflicts and other problems related to poverty and inequality. In order to close the gap and mitigate its serious social consequences in the developing countries, it was essential to strengthen international cooperation in trade and development.

The meeting rose at 1 p.m.

United Nations A/C.2/54/SR.6

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Summary record of the 6th meeting
Held at Headquarters, New York, on Thursday, 7 October 1999, at 3 p.m.

Chairman: Mr. Olhaye ..... (Djibouti)

Contents

General debate (*continued*)

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99-81466 (E)

The meeting was called to order at 3.05 p.m.

General debate (*continued*)

1. **Mr. Ba'omar** (Oman) said that his delegation hoped that, in the new millennium, the United Nations would play a greater role in inter-country dialogue in the economic and social spheres. Access for developing countries to membership in the World Trade Organization (WTO) must be equitable and provide opportunity for economic and industrial growth within a framework of liberalized markets. Free trade must not become a means to destroy the markets of developing countries, and the forthcoming WTO ministerial conference should aim at creating a realistic balance between members. Liberalization of the service sector to allow open competition was one of the most important issues facing the new international trading system. The international community must take the initiative to help developing countries promote their service sectors, thus guaranteeing them an equitable share of that market.

2. The conditions for sustainable development could be created only when peoples exercised complete sovereignty over their natural resources. His delegation therefore asserted the need to implement the resolutions on permanent sovereignty of the Palestinian people in the occupied Palestinian territory, including Jerusalem, over their natural resources, so that the people of the region could enjoy prosperity and stability.

3. The debt burden of poor countries prevented them from growing to the point where they could open their markets to foreign trade. His delegation therefore appealed to the developed countries to cancel that debt and to design new mechanisms for international loans. The recent crisis in Asian economies was a strong indication that the international economic dialogue must continue. While the assistance of the international financial institutions and the Bretton Woods institutions in putting an end to the crisis and restoring confidence in Asian markets had been welcome, the crisis had underscored the need to review the conditions for granting loans to developing countries. In order to meet the challenges of globalization and open markets, the least developed countries must be given the means to keep up through a renewed commitment on the part of the donor countries to official development assistance. He appealed to those countries to meet the target of 0.7 per cent of GNP for ODA which had been reaffirmed in Agenda 21.

4. **Mr. Dailmi** (Yemen) expressed appreciation for the oral reports presented by the Chairman of the Group of 77 and the Under-Secretary-General for Economic and Social Affairs. Noting that the least developed countries were having to spend most of their resources on servicing their foreign debt and that their growth was therefore being stifled, he said that the international community should help those countries adapt to the new situation of globalization and liberalized trade and become integrated into the world economy. To that end, their exports should be allowed easier access to world markets, and the relevant international organizations should respond to their need for aid in the area of technology. Furthermore, the flow of official development assistance should be not only maintained, but increased.

5. Poverty and income disparity had unquestionably contributed to the world economic crisis of 1998 and 1999, as had the international financial structure. The elimination of poverty must be a factor in any valid programme aimed at preventing such crises and the world economy must be reinvigorated on a basis of partnership, justice and interdependence. However, nothing would be achieved unless strict constraints were placed on the movement of capital. At present, in the absence of any supervisory authority, the tides of international finance could sweep away national currencies and destroy their credibility almost instantaneously. Provided appropriate action was taken, the phenomenon of globalization could be made more benign. The developing countries, including the least developed countries, could then face the challenges of the twenty-first century with equanimity.

6. **Mr. Mabilangan** (Philippines) said that the financial crisis in East Asia had abated and that the World Economic and Social Survey projected growth rates of 3 per cent for Africa and 5.5 per cent for South Asia in 1999. However, it was the developing countries that had been most affected by the crisis; their 1998 average growth rate of 1.7 per cent had been below that of the developed countries for the first time since the 1980s, contrasting markedly with their growth rates of 5 per cent or more earlier in the decade.

7. The financial crisis had produced millions of "new poor", and the divide between rich and poor countries continued to widen. Some developed countries had even benefited from the unprecedented collapse in commodity prices and cheaper manufactured imports from countries that had suffered currency devaluations. It might be wondered whether the purpose of globalization was to widen the gap between the developed and developing countries. Trade liberalization had proceeded more slowly in sectors where developing countries were more competitive, such as the textile, garment and footwear industries, and major trading blocks protected the agricultural sectors of developed countries. For example, the United Nations Conference on Trade and Development (UNCTAD) had estimated that

although the European Union's dairy products were among the world's most expensive to produce, they accounted for 50 per cent of the world market. Developing countries were expected to accept the free movement of capital, but there was no corresponding provision for labour mobility. The same could be said of technology transfer: the Uruguay Round trade-related intellectual property rights (TRIPS) agreement had further strengthened barriers to the transfer of knowledge, ensuring the North of continuing dominance in the fields of science and technology.

8. There was a need for a new paradigm of cooperation, leading to a genuine partnership for development. The President of the World Bank had recently spoken of a new international development architecture, a coalition based on cooperation between the United Nations, Governments, multilaterals, the private sector and civil society that would parallel the new global financial architecture. There was a link between external payments and economic growth, which was in turn dependent on foreign capital and trade flows. Care should be taken to prevent conflict between the various global systems. Thus, the opening of the capital account must be carried out in an orderly, gradual and well-sequenced manner, keeping pace with the strengthening of an effective, prudential framework for domestic finance.

9. Similarly, current account deficits were further widened by rapid trade liberalization, particularly where high levels of protection had existed; the countries most seriously affected by the recent financial crisis were those which had had significant current account deficits. His Government remained committed to the virtues of trade liberalization. However, not only developing, but also developed, countries must make structural adjustments in order to remove trade barriers and subsidies from sectors such as textiles, clothing and agriculture. He therefore hoped that the Third Ministerial Conference of the World Trade Organization (WTO), to be held in Seattle, would focus on market access and trade liberalization for the exports of developing countries and on the amendment of General Agreement on Tariffs and Trade (GATT) agreements that hindered the growth of developing countries.

10. The United Nations was uniquely placed to take an integrated approach to the interlinkages of global systems while drawing on the expertise of specialized agencies and bodies, including the Bretton Woods institutions. It was up to the international community, through the United Nations, to bring about a genuine partnership capable of ensuring that globalization was of benefit to all.

11. **Mr. Tchoulkov** (Russian Federation) said that globalization had reached a level where the functioning of national economies was increasingly interconnected, and in many respects the sustainable growth of the entire system depended on the economic health of its individual components. His delegation shared the opinion that the international community had not yet learned to manage the globalization process. The financial crises which had engulfed Asia, Latin America and Russia revealed the lack of sustainability of the existing monetary and financial systems under globalization. The continuing marginalization of the least developed countries and the widening gaps between the richest and poorest countries testified to the fact that the disadvantages of globalization still outweighed the advantages. The Cologne summit of the major industrialized countries had defined the challenge of globalization as one to be met through the common efforts of Governments, international organizations and civil society. The elaboration of an international programme of action aimed at maximizing the advantages of globalization could become a priority task of the United Nations for the near future. The Organization should also seek ways to facilitate technology transfer in the interests of all, including the developing world.

12. The recent financial crisis had revealed the structural weaknesses of the current global financial system as well as the shortcomings of its management and regulatory mechanisms. The measures taken by the international community and the international financial institutions to deal with the consequences of the crisis represented a first step in the efforts to promote stability of the international financial system at both national and international levels. The next step would be to intensify efforts to curb international financial crime and to create durable safeguards against such crimes as money laundering and illicit traffic in capital, which served as a breeding ground for corruption.

13. The world economy showed encouraging signs of post-crisis recovery in the regions most severely affected, but the sustainability of that recovery would depend, to a large extent on whether external conditions fostered world trade and whether global investors and Governments took previous failures into account in their economic and financial policy. The Russian Federation had not yet fully recovered from the financial "meltdown" of August 1998, caused by both the impact of the Asian financial crisis and its own economic miscalculations. Despite improvements in industrial production, its economic situation continued to be affected by external factors, the lack of funds to implement an effective social policy and the difficulties in its accession to WTO.

14. Further development of international financial and economic relations required the General Assembly to take

an active role as a universal, representative and democratic body capable of balancing the interests of the Member States. This was not a simple task, but it must be accomplished without delay in order to shape the multi-polar world of the next millennium.

15. **Ms. Durrant** (Jamaica) said that since the adoption of General Assembly resolution 50/227, the work of the Second Committee had become even more responsive to global change. Her delegation wished to see greater coherence between the Committee's work and that of the substantive bodies dealing with the issues it addressed. The Committee should re-examine the relevance and current state of development cooperation with a view to stimulating renewed political commitment to it. To that end, it was vital to understand the globalization process and its underlying forces, in particular, how the process could be more effectively managed so as to ensure that the current benefits were more evenly distributed. A new approach must be taken to development policy in order to protect developing countries from the economic, political and social risks of globalization.

16. Her Government looked forward to the high-level international intergovernmental consideration of financing for development, to take place early in the millennium, and the Ministerial Conference of the World Trade Organization, to be held in November The latter must focus on market access in areas where developing countries had or could establish a competitive advantage. In that connection, her delegation agreed with the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) that improved market access was only a partial solution and that what was really needed were special and differential treatment and tailored transition periods for developing countries, particularly those with small open economies. It was deeply disturbing that some of the agreements concluded in the World Trade Organization had yet to be implemented in order to establish a rule-based, secure and predictable multilateral trade system. It was to be hoped that the forthcoming Ministerial Conference would address those concerns.

17. The tenth session of UNCTAD, to be held soon after the WTO Ministerial Conference, should examine the state of the world economy, evaluate the impact of globalization on the economies of developing countries and identify basic elements of a new consensus for development aimed at ensuring the fair and sustained economic growth of developing countries. It was also vital to close the knowledge and technological gap between developed and developing countries in order to prevent further marginalization of the developing countries. Cooperation should be further explored in the areas of research and development; technology transfer, and, in the absence of technical capabilities, education; a culture of science and technology and on-the-job training in public and private enterprises; and linkages between production units and research and development centres.

18. The Committee, through a forward-looking exchange of views, and the United Nations at large could contribute to long-term development and cooperation with a human dimension. The challenges set forth in the *Human Development Report 1999* must be tackled; that would involve strengthening policies and actions for human development and adapting them to the realities of the global economy; enhancing public action to develop technologies for human development and the eradication of poverty; reversing the marginalization of poor, small countries; and remedying the imbalances in the structures of global governance through new efforts to create a more inclusive system.

19. **Mr. Fadaifard** (Islamic Republic of Iran) said that the financial crisis in South-East Asia in mid-1997 had had a far more serious impact on the developing than the developed world, negating the fruits of poverty eradication policies, dashing hopes for sustained economic growth and sustainable development and depressing commodity prices and the terms of trade of the developed countries. In 1998, oil prices had dropped by one-third and oil exporters had suffered a deterioration of nearly 20 per cent in their terms of trade. In addition, the flow of private capital to developing countries had fallen by 70 per cent between 1996 and 1998.

20. The benefits of increased multilateral trade had not resulted in a reliable and equitable rate of growth for developing countries. According to the World Economic and Social Survey, 1999, economic growth in 1999 had been markedly lower than that at mid-decade, particularly for the majority of developing countries, only 23 of which would achieve sufficient growth of per capita output in 1999. The situation called for a sincere effort by the international community to create a new international development architecture. Globalization had thus far widened the gap between rich and poor and had had negative consequences on the social, political and economic situations of developing countries, many of which were experiencing a slowdown, if not a reversal, of their economic growth. His delegation therefore looked forward to the convening of the Group of 77 South Summit, which would be a forum for discussing globalization and providing the countries of the South with guidelines on adapting liberalization and globalization to their own situations and developmental needs.

21. The forthcoming Ministerial Conference of the World Trade Organization should focus on the implementation of the Uruguay Round of multilateral trade negotiations rather than on the negotiation of new agreements. His delegation welcomed the developing countries' most recent approach, known as "a positive agenda". WTO must ensure that liberalization was universal, non-discriminatory and subject to a mechanism for monitoring potential threats to the environment and health of developing countries. Future trade negotiations should seek to prevent the abuse of such measures as anti-dumping, countervailing duties, sanitary and phytosanitary regulations and technical barriers to trade. Ensuring that intellectual property rights were not an obstacle to the transfer of technology would constitute a vital step towards the establishment of a new development architecture.

22 His delegation welcomed the decision by the Ad Hoc Open-Ended Working Group on Financing for Development to address the question in the context of globalization and interdependence. It supported implementation of the principles of special and preferential treatment for developing countries and common but differentiated responsibilities. With a view to the 10-year review of the implementation of Agenda 21, to be convened in the year 2002, his delegation supported an approach that recognized the concept of sustained economic growth and focused special attention on countries heavily dependent on the export of a single commodity. It also hoped that the developed countries would have due regard for the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa.

23. **Mr. Le Hoai Trung** (Viet Nam) said that the developing countries had made considerable efforts, particularly through substantial reforms carried out under the Enhanced Structural Adjustment Facility of the International Monetary Fund (IMF) to mobilize their internal resources in the aftermath of the financial crisis in South-East Asia. They had liberalized their trade regimes through unilateral trade reforms and participation in regional trade agreements. The opening up of their financial markets and the sevenfold expansion of private capital flows to developing countries compared to the 1970s also reflected their integration into the global financial system. Nonetheless, their payment disorders remained as acute as ever and their economies were even more dependent on external financial resources in order to tackle poverty-related problems. Developing countries would need to undertake further and, in many cases, painful adjustments and reforms, that would involve strengthening the capacities of their Governments, whose importance was now being recognized again after nearly a decade in which the role of the market had been emphasized.

24. The international economic environment and international trading and financial systems remained largely unfavourable to developing countries, making adjustments and reforms even more painful. Many of the terms agreed upon during the Uruguay Round, particularly in areas of interest to developing countries, had not been implemented. That, together with the new forms of protectionism that had arisen, the imposition of labour standards, and the difficulties many developing countries were encountering in their efforts to join WTO, had put serious constraints on developing countries' access to markets. In order to remedy that situation, the international community should increase macroeconomic policy coordination and other forms of cooperation; strengthen the international trading system, ensuring that it was just, rule-based, and multilateral; enhance market access for developing countries; improve ıe management and increase the transparency of capital flows in the world; reverse the current decline in official development assistance and enhance its predictability; strengthen the relationship between environment and development; and strengthen the relevant international institutions. Those issues could be meaningfully addressed in a number of international forums, including the Ministerial Conference of WTO, the tenth session of UNCTAD, the Group of 77 South-South Summit, the review conferences on social development and women's issues and, above all, the Millennium Assembly.

25. **Mr. Khalil** (Sudan) welcomed the statement made at an earlier meeting by the Under-Secretary-General for Economic and Social Affairs and noted that, according to a recent World Bank study, more hardship might lie ahead for the developing countries as a result of the rapid pace of globalization and the shift of political and economic power from central governments to local authorities. Poverty was still an intractable problem in the developing countries, and the gap between the industrialized and developing countries was steadily widening.

26. His delegation agreed with the representative of Guyana that globalization was the single most important challenge confronting the international community. As the most representative and most democratic international institution, the United Nations was the best forum in which to address the issues of globalization. The globalization process should be addressed on the basis of an integrated approach by international institutions, including developmental, financial and trade-related aspects, reform of the international financial structure, and effective

protection against the marginalization of the developing countries. The President of the World Bank had acknowledged the need for a "new international development architecture" to parallel the new global financial architecture in the wake of the crises that had affected financial markets in the course of the previous two years. The Group of 77 had pointed out that any such new "architecture" should include a stronger role for the United Nations. International trade and financial organizations should be guided by the policy guidelines issued by the world body.

27. It was by no means utopian to hope for a new and stronger United Nations that would usher in an age of freedom from hunger, disease, natural disasters and the ravages of war through globalization with a human face. The way ahead was through meaningful partnership between North and South.

28. **Mr. Sychov** (Belarus) said that the global financial markets were gradually stabilizing after the upheavals of 1997 and 1998, but that more time was needed for recovery, especially for the economies of the developing countries and countries with economies in transition. Their continued slow growth pointed to the vulnerability of the global economy.

29. International measures were needed to respond to the problems of globalization through the establishment of a universal, transparent and predictable multilateral trading system that would facilitate access to the benefits of globalization for all countries. Only 10 new members had joined the World Trade Organization, while some 30 others were still embroiled in the application process; a more flexible approach to membership was needed. The participation of developing countries and those with transition economies in multilateral trade negotiations should be enhanced with the help of technical and advisory support from UNCTAD and the WTO.

30. His delegation welcomed the expanded cooperation between the United Nations and the Bretton Woods institutions. In the century to come, the United Nations must strengthen its role as a forum for policy, but that aim could not be achieved without financing for its operational funds and programmes, many of which had been driven to the brink of survival by the Organization's financial crisis.

31. Belarus supported European integration and the similar trend that could be noted in the Commonwealth of Independent States, most notably, the progress being made towards the integration of the Russian Federation and Belarus. Ten years after the emergence of the independent States of Eastern Europe, each country had chosen its own road to social and economic development. Belarus was seeking to build a socially-oriented market economy, and it had registered steady increases in GNP and industrial output. Its internal resources alone were not sufficient for the necessary modernization, however, and the Government was working to improve investment guarantees and attract foreign investors.

32. **Ms. Leonce-Carryl** (Saint Lucia), speaking on behalf of the Caribbean Community (CARICOM), read out the text of a draft resolution calling for the integrated treatment of all social, financial, economic and environmental issues as they pertained to development and sustainability with a view to promoting broad guidelines for the management of the global economy, saying the purpose of the resolution was to demonstrate that all issues before the Committee were interrelated and should be considered in an integrated manner. Its adoption would attest to the Committee's resolve to address those issues expeditiously and seek to correct the inequities, injustices and imbalances of the current millennium.

33. **The Chairman** said that the Committee looked forward to discussing the draft resolution at a later date.

34. **Mr. Yepez** (Ecuador) said that the countries of the South had derived little benefit from globalization thus far. They must endeavour to participate in globalization while preserving their own interests in all fields, particularly those related to equitable economic and social development and genuine democracy. His Government therefore attached great importance to the high-level international intergovernmental forum on financing for development, which was planned for early in the millennium. The international community should increase public and private funds for development, reverse the decline in official development assistance (ODA), create a favourable environment for productive foreign investment and enact reforms to the current international financial system in order to eradicate poverty, hunger, illness, unemployment and damage to the environment.

35. Ecuador was an active participant in the Andean Community and, pursuant to the Trujillo Protocol of 1996, had fully consolidated its institutions in order to face the challenge of globalization. It had signed a preferential tariffs agreement with Brazil, had extended its Partial Scope Agreements with other countries of the Southern Common Market (MERCOSUR) and was involved in the establishment of a free trade zone in the Americas. Its relationship with the European Union was based on political dialogue, preferential market access, development cooperation and efforts to combat drug trafficking, and it sought closer relations with the Pacific Basin through

gradual membership in the relevant regional forums and bodies.

36. He hoped that the upcoming WTO negotiations in Seattle would result in progress towards implementation of the Uruguay Round agreements and that the next millennium would bring an end to the protectionism and para-tariff restrictions that prevented the products of developing countries from gaining free access to major world markets. Trade liberalization could not benefit the most vulnerable countries unless development needs were taken into account; for that reason, the system of special and differentiated treatment in the application of multilateral trade agreements must be maintained.

37. His Government had benefited greatly from South-South cooperation with Colombia and, in the health sector, with Cuba. Now that the border dispute between Ecuador and Peru had been resolved, his Government, with the help of the international community, would be executing projects totalling some US$ 3 billion in the depressed border areas. Other projects were being implemented with the European Union and the Andean countries. His Government therefore welcomed the upcoming South Summit of the Group of 77, to be held in Havana.

38. The recent initiative taken by the Group of Eight in Cologne had opened new prospects for addressing the external debt problem. Ecuador's official debt was equal to its annual gross domestic product (GDP), making it one of the most heavily-indebted countries in the world. Damage resulting from El Niño had amounted to half its annual export income, and a disastrous fall in the prices of its primary exports had led to economic stagnation and increased unemployment. The Government had undertaken a more equitable restructuring of its debt servicing obligations.

39. There was an urgent need for international cooperation to mitigate the consequences of national disasters. In cooperation with the United Nations, his Government had proposed the establishment of an international research centre on El Niño to improve capacities for prediction and early warning and facilitate the adoption of measures for reconstruction. His Government was committed to environmental protection and sustainable development and, to that end, was implementing Dialogue 21, which involved poverty eradication through sustainable environmental management and the strengthening of representative democracy. It welcomed United Nations cooperation with those efforts.

40. **Mr. Kuindwa** (Kenya) said that the process of globalization and interdependence was uneven and sometimes unpredictable, but that if properly harnessed and managed, it could provide a foundation for enduring and equitable growth at the national and international levels. If developing countries were to reap the benefits of globalization, there was a need for effective governance that focused on the democratization of international economic decision-making; integrated consideration of trade, finance and development issues by international institutions; reform of the international financial architecture; and the problem of marginalization. The timing and extent of globalization and trade liberalization should be adjusted to the needs of developing countries; in that regard, he called on the developed countries to open their markets to the exports of developing countries.

41. The costs of borrowing and lending could be reduced if trade barriers were eliminated. The United Nations was fully mandated to play a central role in facilitating international consensus and multilateral cooperation for development through a genuine partnership aimed at addressing the diverse needs of developing countries. In that regard, WTO and the multilateral financial institutions should take into account the policy framework adopted by the United Nations.

42. While his delegation welcomed the efforts of the United Nations, bilateral donors and multilateral institutions to promote the development of Africa, it was concerned that those efforts had not produced the desired results. He supported the recommendations and suggestions made by the Secretary-General of the United Nations in his report on the causes of conflict and the promotion of durable peace and sustainable development in Africa (A/52/871-S/1998/318), and he called on the Bretton Woods institutions, other multilateral and regional organizations and bilateral donors to cooperate with Governments and among themselves to ensure consistency of the various coordination mechanisms aimed at avoiding duplication and simplifying implementation procedures.

43. His delegation was greatly concerned over the underutilization of the excellent conference facilities of the United Nations Office at Nairobi (UNON). As a matter of principle, it was important that the Office should have the same status as United Nations offices at Geneva and Vienna. The speedy establishment of a permanent interpretation service at the Office would facilitate the convening of more meetings by the United Nations system and regional intergovernmental and non-governmental organizations. In that regard, General Assembly resolutions 53/242 and 53/187 should be quickly implemented.

44. His delegation welcomed the agreed outcome of the Ad Hoc Open-Ended Working Group of the General Assembly on Financing for Development and hoped that the process of establishing the preparatory process for a high-level international intergovernmental forum on financing for development would be expedited.

45. It was a matter of concern to his delegation that official development assistance (ODA) had declined steadily during the current decade and that there had been an erosion of development cooperation. He strongly urged developed countries to honour their commitments under Agenda 21 as well as the Paris Declaration and Programme of Action adopted by the Second United Nations Conference on the Least Developed Countries.

46. While his delegation welcomed the Heavily Indebted Poor Countries (HIPC) Debt Initiative, it believed that its coverage should be broadened to include more of the indebted countries, with relief being offered in a graduated manner. Debt relief measures could and should be structured in a holistic and comprehensive manner without eroding Africa's future capacity to attract investments and should be linked to the long-term social and economic development of Africa.

47. **Mr. Gospodinov** (Observer for the International Federation of Red Cross and Red Crescent Societies) said that every year more than 126 million people were affected by natural disasters such as floods, droughts and earthquakes and the world was beginning to glimpse disturbing links between climate change, globalization and future disaster scenarios. One of the most worrying phenomena associated with climate change was sea level rise. The oceans had risen by 20 centimetres during the current century, and were set to rise by a further 44 centimetres in the next hundred years. According to climatologists, the interiors of continents were likely to dry up, leading to increased drought and a reduction in the flow of many rivers. Increased heat and changing ecologies would inevitably lead to changes in disease patterns. In Europe, cases of malaria were already on the increase, up from 2,000 cases a year 15 years previously, to 12,000 cases in 1998. That public health situation would be exacerbated by the changes predicted in demographic patterns.

48. The twentieth century had seen massive changes in economic systems. The social welfare systems and public health infrastructure had now been replaced by private enterprise, scaled-down state systems or by nothing at all. Given that disasters would undoubtedly increase in frequency and severity, he put forward a number of key changes which were necessary for creating a more effective disaster preparedness response system. First, the reality of the disaster threat had to be accepted. Development planning must plan for disasters, not around them. Second, national disaster preparedness systems must plot future disaster vulnerabilities and prepare for them, not simply look for guidance to the disasters of yesterday. Third, national preparedness and response must be linked to international preparedness and response. Unless systems were put into place immediately to make that work, assistance would be chaotic, inefficient and ultimately ineffective. Finally, the international disaster response system should be changed from a reactive to a proactive one. Major disasters requiring international assistance still had to await international appeals for funding and the construction of ad hoc coordination systems each time disasters struck.

49. His organization was committed, through a new international strategy for the upcoming decade, to ensuring that its national preparedness was integrated with its international response system, and that national capacities were built to respond both locally and internationally. The organization's recent operations in support of flood victims in various parts of the world demonstrated that national and international disaster response could both be effective.

50. **Mr. A'ala** (Syrian Arab Republic) noted that world economic growth in 1999 had not generated enough employment opportunities to reduce the number of people living in poverty in the developing countries. Owing to falling commodity prices, including oil prices, prospects for the developing countries were bleak.

51. It was clear that the way to prosperity was not simply to give free rein to globalization and the market economy, as that approach ignored the role and responsibility of the State in providing social and economic security and left people at the mercy of unstable world markets and forces seeking short-term gain without regard for other aspects of development. Private capital flows alone could not ensure comprehensive development; public funding was indispensable in the areas of health, education and infrastructure. Official development assistance, which had been among the first victims of globalization, was still the main source of resources for the developing countries. The Committee should take those facts into account in its consideration of the financing of development.

52. The existing system clearly favoured the economically strong at the expense of the weak; accordingly, one major challenge was how to give the phenomenon of globalization a human dimension. No single country or region could adequately address that challenge on its own; only through the united efforts of the international community could

globalization be made more responsive to the need for economic and social justice. The United Nations was a uniquely suitable forum for constructive dialogue to that end.

53. More international cooperation was required in order to create a level playing field and promote justice in international trade. At present, developing countries had great difficulty in securing access for their exports to world markets, in part because the developed countries withheld technology from them and erected tariff barriers against their products.

54. With respect to the environment and development, Agenda 21 should be fully implemented. In particular, the developed countries should keep their promises to provide the financial resources needed for the developing countries to meet their commitments in that connection, in accordance with the principle of common but differentiated responsibilities, and to transfer technology to those countries on a preferential basis. The 10-year review of progress since the Rio Conference might afford an opportunity to take practical measures to that end. In the meantime, it was regrettable that the international mechanism to combat desertification and drought had not been adequately funded.

55. The economic performance of western Asia had been poor in 1998, partly because of the continuing Israeli occupation of Arab lands. The report on the permanent sovereignty of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources contained many examples of Israeli policies that flouted decisions and resolutions of the international community. Until Israel relinquished the land and water of those territories, no meaningful development would be possible.

56. **Mr. Reva** (Ukraine) said that globalization had deepened the domestic economic problems of individual States. Thus, the 1998 financial crisis had not only worsened the economic and social problems of the countries affected, but it had also slowed down or even reversed the development process of many other States. The Ukrainian economy, which had been expected to expand in 1998, had suffered substantial losses. However, despite those negative trends, his delegation was confident that, over the last few decades, the world economy had gained in quality. The globalization process had been reflected by the concomitant development of various economic systems, enhanced integration and economic interdependence.

57. While he welcomed the decisive measures adopted by the international community to deal with the crisis and stabilize the world economy, he hoped that the strengthening of the international monetary system would help to manage globalization and prevent future crises. In that regard, his delegation supported the idea of improving the architecture of the Bretton Woods institutions, increasing transparency of capital markets, and extending control over speculative investment funds and offshore financial centres. To achieve that goal, other countries, including those with economies in transition, should be involved in the process of identifying rules governing the functioning of global and regional financial markets. Moreover, the international community should undertake further measures to improve international cooperation in preventing and disclosing financial crimes. It was obvious that countries with emergent market economies and insufficient working experience of world markets were easy targets for speculation and outright fraud. His Government welcomed the initiatives taken by the Governments of France, the United States of America and others.

58. The United Nations had an indispensable role to play in the creation of an enabling international economic environment, as a necessary pre-condition for achieving sustainable economic growth and meeting basic social needs in the developing world. To address the challenges of globalization, further decisive steps were needed to adjust the multilateral trading system to new realities. In that regard, the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) had an important role to play in future trade negotiations. His delegation agreed that effective implementation of the Uruguay Round agreements and continuing trade liberalization should be at the heart of any discussions.

59. International politics in 1999 had been dominated by the Kosovo conflict. While the political and humanitarian aspects of the conflict were being gradually settled, its economic dimension had been relegated to the background. Meanwhile, the States of the region, the majority of which were economies in transition, suffered from its consequences. In that regard, Ukraine welcomed both the idea and launching of the Stability Pact of the European Union on south-eastern Europe, and was striving to participate in its implementation. He drew attention to the consequences of the violation of the regime of free navigation on the Danube, which had paralysed economic activities of Ukrainian shipping companies, ports and enterprises. He therefore urged the European Union and the international monetary and financial institutions to take urgent measures to renew the regime. His delegation also hoped that the United Nations, the Bretton Woods institutions and the European Union would promptly

elaborate a mechanism for compensating countries for their losses.

60. As far as the mitigation of the consequences of the Chernobyl catastrophe was concerned, Ukraine was making every effort to ensure the safety of the shelter facility built over 13 years previously, and to provide necessary assistance to the affected population. Noting that his Government would meet its commitments with respect to the decommissioning of the Chernobyl nuclear power plant, he welcomed the Group of 7 decision to convene the second pledging conference to raise necessary funds for the shelter implementation plant. As the victim of the worst-ever technological and ecological catastrophe, Ukraine attached great importance to environmental concerns. It fully understood its responsibility for the protection of the environment, both at the national and global levels, and was doing its best to live up to its commitments under Agenda 21.

61. Ukraine continued to develop mutually beneficial economic relations with the Commonwealth of Independent States, while working towards full integration into the European economic system. It also participated actively in regional groupings such as the Black Sea Economic Cooperation Organization and the Council of Baltic Sea States.

62. **Mr. Lisk** (Observer for the International Labour Office) said that productive employment was unquestionably the major source of livelihood for most people worldwide and an essential requirement for economic empowerment and social integration. Employment contributed to poverty reduction and promoted equality between men and women. Rapid globalization of the world economy had posed new challenges which had made the goal of maintaining full employment and decent work for all a more complex undertaking.

63. His organization was particularly concerned about the negative impact of financial and trade liberalization on employment and earnings. In that connection, ILO believed that there was a need for economic and social systems that ensured basic security and employment, while retaining the capacity to adapt to rapidly changing circumstances. It was equally important to find ways to resolve economic and financial crises without sacrificing economic growth and, consequently, increasing unemployment and poverty. That implied new institutional arrangements and approaches to macroeconomic and stabilization policies. ILO had established guidelines for assisting countries to cope with the challenges of globalization, including minimizing risks to working people and businesses as well as the increasing capacities of policy makers to deal with the employment challenge.

64. Through its long-established link with employers' organizations and the private sector, ILO was well equipped to assist member States in the area of entrepreneurship and enterprise development, including microenterprises, as a means of reducing poverty and attaining sustainable development. The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998, was an important step forward in achieving the universal implementation of core labour standards, which were significant for ensuring that globalization generated equitable and sustainable development.

The meeting rose at 6.15 p.m.

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Second Committee

Summary record of the 7th meeting
Held at Headquarters, New York, on Friday, 8 October 1999, at 10 a.m.

Chairman: Mr. Olhaye ..... (Djibouti)

Contents

General debate (*continued*)

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The meeting was called to order at 10.10 a.m.

General debate (*continued*)

1. **Mr. Kanu** (Sierra Leone) said that his delegation associated itself with the statement made by the representative of Guyana on behalf of the Group of 77 and China and recalled that in June 1995 the African countries had agreed on the need for reforms to promote development, as specified in the Cairo Programme of Action. In that Programme the international community had also been called upon to help the African countries to find lasting solutions to the problems of external debt and declining official development assistance and direct foreign investment. The international community had regrettably not responded to that call, thus contributing to the continued marginalization of Africa in the world economy. The conventional theories used as models for Africa's development had borne very little fruit, and Sierra Leone thought that a new approach was required if Africa was to catch up.

2. Development in Africa, as in many developing countries, meant profound economic and social reforms, the rethinking of the traditional relations and values which still pervaded the bulk of African countries, and the restructuring of the existing welfare system. That would enable Africa to participate in globalization. It was astonishing that the international community should welcome globalization without paying any attention to its economic, social and political consequences.

3. Democracy was supposed to create the necessary conditions for economic growth in the sense that the electorate would be able to monitor the Government and dictate to it the directions to be taken. The market mechanism was supposed to be free and the institutions of democracy to introduce transparency in the markets. Price-fixing arrangements had to produce lower prices, which in turn would boost consumption and production. In such a system the people could save, and their savings would enable the financial institutions to supply local businesses with capital — another means of stimulating growth and creating jobs.

4. In order to encourage the establishment of democratic regimes the international community and the international financial institutions must renounce policies which merely undermined the efforts of the emerging democracies. The effect of such policies was to increase instability in many developing nations instead of promoting economic growth and sustainable development. They needed to be re-examined so as to take account of the realities on the ground, especially as the main result of cuts in public spending was less money for education, health and population control. What was the point of warning against the dangers of AIDS if the Government could not subsidize the distribution of contraceptives? Why encourage family planning if the people did not have the means to choose a method of contraception? All the theories of population growth showed that the higher the rate of infant mortality, the higher the birth rate as families attempted to get a sufficient number of children of working age. The developing countries must place the emphasis on education, which included sex education, and the fight against illiteracy. Generally speaking, budgetary restrictions affected primarily the education sector.

5. Women in Africa made up 51 per cent of the population and generally played an essential role in food production. Experience showed that one of the best ways of promoting social and economic development was to invest in that particularly productive population group. Women did not have the same access as men to social services, health and education. In Africa south of the Sahara more than half the women aged over 25 were illiterate. Moreover, cultural and structural barriers made it more difficult for women to own land and gain access to financial resources.

6. Population growth also had an impact on the environment and food security. The faster the rate of such growth, the more difficult it was for Governments to ensure food security. A bigger population meant increased use of arable land and natural resources. In addition, when confronted with problems of food security Governments were forced to spend valuable resources on food imports, resources which would have been allocated to development projects in education or health. The issues of food security, environmental damage, and population growth were therefore fundamental aspects of development.

7. Policies to combat and prevent inflation, which were currently receiving priority at the world level, were a constraint on the growth of the African developing countries. Sierra Leone believed that the emphasis should be shifted to formulating policies for growth and jobs creation.

8. Despite the many initiatives and conferences on African development organized by the United Nations and the Bretton Woods institutions and notwithstanding the many statements and resolutions on the problems of Africa, the situation had hardly improved. His delegation nevertheless welcomed the initiative to ease the external

debt burden of the heavily indebted poor countries and the decision of President Clinton to do everything possible to forgive 100 per cent of the debt owed to the United States by the heavily indebted poor countries. However, that was no more than a statement of good intentions.

9. His delegation was aware that its statement was thought-provoking but wished to be equally controversial in conclusion. The African countries must not be exposed to the fluctuations of the world markets but must instead pursue policies to nurture and protect their local markets. In other words, they must delay their participation in the globalization process until they were able to compete on an equal footing with other countries.

10. **Mr. Mwakawago** (United Republic of Tanzania) said that his delegation associated itself with the statement made by the representative of Guyana on behalf of the Group of 77 and China and noted that the Committee had to deal with questions which were particularly critical for the revitalization of international cooperation for development, including the question of financing.

11. The rate of world economic growth had fallen from 3.3 per cent in 1997 to 2 per cent in 1998 owing in particular to the volatility of financial markets and the continued decline in commodity prices. Those two phenomena had severe consequences for the economic prospects of the developing countries. Despite the economic reforms which they had introduced many countries had registered poor economic growth and were increasingly vulnerable to an unfavourable external economic environment. The situation was even more critical for the least developed countries, whose economies were fragile and which were bearing the full brunt of the globalization and liberalization of the world economy.

12. The international community must therefore take urgent action and in particular fulfil its commitment to support the economic reform measures introduced by many countries as a means of promoting development.

13. The external debt crisis, which continued unabated, was jeopardizing the efforts of developing countries. Most of those countries used a third of their export earnings for debt reimbursement, which obliged them to reduce services to their people while at the same time the number of poor people increased. The United Republic of Tanzania welcomed such debt relief measures as the Heavily Indebted Poor Countries Initiative, but was of the view that they were insufficient. The conditionalities for aid should be made more flexible and the criteria for eligibility more objective in order to enable a greater number of least developed countries to benefit from it.

14. As trade accounted for only a small share of the economic activity of the developing countries, and particularly the least developed among them, those countries were in a comparatively weak position to benefit from globalization and liberalization. Transfers of financial and technological resources were needed to help such countries build capacity and improve their trade performances. His delegation hoped that the Ministerial Meeting of the World Trade Organization in Seattle and the tenth meeting of the United Nations Conference on Trade and Development in Bangkok would lead to a more equitable and better balanced system of international trade and would strengthen global cooperation.

15. Industrialization played a role in economic growth and sustainable development. In developing countries, it could contribute to the eradication of poverty, the participation of women in development and the creation of jobs. However, in many of those countries, industrialization had been thwarted by the lack of technologies and capital and by poor infrastructures. The international community should provide assistance in the areas of technology transfer, financial resources and capacity building in order to enable developing countries to enhance their productivity and competitiveness at the global level.

16. The implementation of Agenda 21 could not proceed unless the problems of financial resources and of the transfer of environmentally sound technology were resolved. The solution to such problems lay in part in the political will of the development partners to fulfil their commitments.

17. Africa was still experiencing grave economic difficulties caused by its indebtedness, falling commodity prices, limited market access, lack of foreign investment, declining levels of official development assistance and, in some countries, the impact of civil conflicts. Such problems compromised prospects for the rehabilitation and development of the region. Collective action by the international community was therefore required to support the efforts of the African countries in favour of economic growth and sustainable development.

18. The United Republic of Tanzania was totally committed to economic and technical cooperation among developing countries as a tool for promoting economic growth, strengthening technological capacities and accelerating development. However, the international community must continue to provide technical and financial support as a backup to the efforts of the African countries.

19. **Mr. Al-Hadid** (Jordan) said that the current meeting was particularly important, in part because it was the final meeting of the century and in part because it preceded an important series of international conferences, in particular the Ministerial Meeting of the World Trade Organization, to be held in November 1999 in Seattle, the tenth meeting of the United Nations Conference on Trade and Development to be held in February 2000 in Bangkok, and the first summit of countries of the South, to be held in April 2000 on the theme of globalization, science and technology and North-South cooperation, which were issues of immediate interest to the Committee. The gulf between the developed and the developing countries continued to widen and indebtedness remained the main barrier to sustainable development. The situation of numerous developing countries was deteriorating further because of the continuing decline in commodity prices, difficulties in access to markets, the withdrawal of foreign investment and the reduction in official development assistance, which was far from attaining the goal of 0.7 per cent of the gross national product of the developed countries. Globalization was a structural phenomenon which comprised advantages as well as drawbacks and which made no distinction between the strong and the weak; hence the need to establish an institutional framework for North-South cooperation and to strengthen the role of the various bodies, programmes and funds of the United Nations.

20. Jordan had suffered severely from the economic consequences of the Gulf War. Although it had achieved some success in implementing structural adjustment programmes in collaboration with the International Monetary Fund, it had also been adversely affected by the fiscal crisis that had struck the countries of south-east Asia. Despite a decrease in Jordan's debt as a proportion of its gross domestic product, the debt burden continued to retard its development. Debt-service payments, which were nearly $800 million per year, discouraged foreign investors from investing in Jordan despite all the legal and financial facilities that were available to them. Convinced of the need to liberalize its economy, Jordan had been one of the first signatories of a free-trade agreement among Arab countries which would enter into force in 2007. It had also signed, in November 1998, an agreement of association with the European Union, and it had begun negotiations to join the World Trade Organization.

21. The continued policy of establishing illegal Israeli settlements constituted a flagrant violation of General Assembly and Security Council resolutions as well as a serious obstacle to peace. The exploitation by Israel of natural resources, especially water, in the Palestinian territories and the occupied Syrian Golan jeopardized the development of the Palestinian economy, with all the consequences thereby entailed at the level of the daily lives of the Palestinian people and the Arab inhabitants of the occupied Syrian Golan. His delegation reiterated the need to insist that Israel should put a stop to its policy of land confiscation and of establishment or expansion of settlements, and should obey the resolutions of international bodies.

22. **Mr. Shobokshi** (Saudi Arabia) said that, although globalization opened up promising possibilities, many developing countries feared being further marginalized and worried about the economic and social consequences of the reforms. Current international relations were founded on selective criteria which threatened the hard-won gains of a developing world struggling with problems of population, poverty and debt. It was therefore more important than ever to work towards a balanced world based on respect for mutual interests. While it was up to the developing countries to redouble their efforts to lift the barriers to their full participation in world trade by adapting their products to the criteria set by the developed countries, it was also incumbent on the developed countries to join that effort by making the criteria for admission to the World Trade Organization more flexible, by allowing developing countries to benefit from preferential clauses, by refraining from protectionist measures and by respecting the commitments assumed within the framework of the Uruguay multilateral negotiations and the World Trade Organization. In that connection, Saudi Arabia had taken part, to the limits of its abilities, in development aid at both the bilateral and the multilateral levels.

23. The Saudi Government placed particular emphasis on the struggle against desertification and drought and had constantly appealed for solidarity with the countries affected by those phenomena, especially in Africa. In that regard, it had formulated a special programme for drought control in the Sahel, whose first two phases (1980-1990) had required an investment of $130 million, while the third phase, begun in 1997, would be provided with a credit of $50 million. Moreover, in the area of assistance to countries affected by natural disasters, the Saudi Government had dispensed more than $3,692,000 between 1975 and 1997, in addition to its yearly assistance to the World Food Programme and to various international and Arab organizations responsible for the water and agricultural sectors, including the International Fund for Agricultural Development (IFAD), the Food and Agriculture Organization of the United Nations (FAO) and

the Arab Organization for Agricultural Development. The Saudi Fund for Development had provided $1,192 million in preferential credits to developing countries to finance 68 projects, especially in the agricultural and land-development sectors. In the water and sanitation sector, $351 million had been allocated to 20 projects. Finally, a credit of $1,131million had been provided to finance 37 projects in the energy sector.

24. The gulf between the developed countries and the developing countries continued to widen through the years, especially after the failure of economic negotiations within the framework of the North-South dialogue. The situation would continue to worsen as long as the major economic groups comprising the industrialized countries continued to apply selective policies.

25. **Mr. Aboul Gheit** (Egypt) said that the series of financial crises of the past two years and the spectre of global destabilization had narrowed the gap between the outlooks of the developed and developing countries and ought to have made it easier to adopt a common strategy thereafter. Yet now that the situation had normalized, the lessons of the crisis had simply been overlooked.

26. Some asserted that the crisis had been caused in large part by some of the economic policies commonly pursued by developing countries, but the fact remained that the magnitude of the crisis pointed to structural deficiencies in international economic relations, particularly when it came to effective participation by the developing countries in international decisions. It was therefore not logical to put the accent exclusively on the need for reform and good governance in the developing countries while disregarding the shortcomings of the global economic system, a number of which were discussed in the United Nations Development Programme (UNDP) *Human Development Report (1999)* and attributed to globalization. In that connection, Egypt was pleased that the United Nations had decided to consider the economic and social consequences of globalization in order to make the necessary recommendations, and felt that the Organization had a decisive role to play in remedying the global shortcomings and helping the developing countries to institute the reforms needed for their integration into the global economic system. In 2001, the "high-level consideration" should provide an exceptional opportunity to study the issues involved in financing for development and review the obstacles that prevented the developing countries from devoting the required financial resources to their development, ranging from the structural shortcomings of the international economic system to the domestic stumbling blocks stemming from weak institutional capabilities. The results of the conferences organized by the United Nations in the course of the 1990s should prove very useful in that connection.

27. On the eve of the third WTO Ministerial Conference to be held in November in Seattle, it made no sense to seek a further liberalization of international trade, which would be to the advantage of a handful of countries while harming a growing number of developing countries. Since the decisions of the Uruguay Round of multilateral trade negotiations had begun to put into effect, exports from developing countries had been running up against increasingly frequent non-tariff barriers, especially in the case of competitive commodities such as textiles, clothing and agricultural products. Furthermore, many developed countries had not respected the commitments they had made during the Uruguay Round, and hence the need to implement fully all previously concluded agreements before entering into new negotiations. The United Nations had a decisive role to play in international trade through the crucial work of UNCTAD.

28. His delegation attached particular importance to the operational activities of the United Nations because of their significance for development, especially in the least advanced countries, but those activities should remain within the boundaries set for them by the resolutions of the General Assembly and of the Economic and Social Council. It was also important for the United Nations to give due emphasis to the eradication of poverty in the least advanced countries, most of them African. A more effective way had to be found of dealing with economic problems, especially in relation to external debt, dwindling official development assistance and the collapse of prices for raw materials.

29. Egypt, like all African countries, was deeply disturbed by the deteriorating financial position of the Global Mechanism under the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, and hoped that the Committee would succeed in revitalizing the Mechanism before the Conference of the Parties was held in November.

30. **Mr. Mahbubani** (Singapore) associated his delegation with the statement made by Guyana on behalf of the Group of 77 and China, and said that he would speak on one single question: was globalization good or bad? No fashionable word was used as often as the term "globalization" and none had as many meanings and connotations. Most of the time, it referred to the global forces unleashed by developments in technology and

telecommunications, which had had a multiplicity of effects ranging from the political and economic to the social and psychological. Despite its huge impact, globalization remained intangible. There were two main camps: those who disapproved of globalization and those who favoured it.

31. The central argument made by critics of globalization was that all the benefits accrued to the rich developed countries while the poorer countries were marginalized. Many developing countries believed, in particular, that the Bretton Woods institutions and other multilateral organizations, set up in theory to regulate world markets and ensure that all countries were treated alike, in actual fact served the interests of the major developed countries.

32. The proponents of globalization acknowledged that it had powerful repercussions but saw them as positive. Before the advent of globalization, many countries had been marginalized because they had had no direct access to the developed countries, whereas currently all countries were interconnected. According to the supporters, the rich countries could no longer ignore poor countries, because what happened there could affect them directly, as evidenced by the Asian financial crisis. Globalization provided direct access to the financial resources, technology and markets of the developed world. Furthermore, the development of modern communications technologies, a concomitant of globalization, enabled jobs to be transferred from developed to developing countries.

33. By all accounts, one could make a persuasive case for or against globalization. In Singapore, globalization was not viewed as being inherently good or bad, but as a reality to which one had to adjust and with which one must make one's peace.

34. **Mr. Ageyev** (Kazakhstan) said that in future globalization would exercise a decisive influence on the socio-economic development of States. As an objective phenomenon, it required a reconsideration of the realities of the world economy; in both its complexity and its universality, it called for recourse to the United Nations in the search for new guiding principles for the world economy. In his report on the work of the organization (A/54/1) the Secretary-General had spoken of the challenges and opportunities presented by today's globalized financial markets, particularly for developing and transition economies. In that regard, Kazakhstan supported the proposal to convene, not later than 2001, a high-level international forum on financing for development.

35. The expansion of the dialogue between the United Nations and the Bretton Woods institutions was important for the stabilization of the world economy and the renewal of development. In that regard, the holding in April 1999 of a special high-level meeting between the Economic and Social Council and representatives of the Bretton Woods institutions, which had enabled a discussion of the socio-economic aspects of globalization and the establishment of a new international financial architecture, was auspicious.

36. Kazakhstan appreciated the activities undertaken by the United Nations to assist countries in transition to integrate into the world economy. Worth emphasizing in that regard was the adoption of General Assembly resolution 53/179, which had laid the necessary foundations for those countries to receive technical assistance and advice with a view to hastening their transition to a market economy and to creating openings in the world market for their goods and services. Since the countries in transition were still experiencing considerable socio-economic difficulties, it was important for them to pursue their cooperation with the United Nations as outlined in that resolution.

37. For a landlocked country such as Kazakhstan, which enjoyed vast reserves of natural resources but was far away from world markets, the question of access to commercial routes, especially for the transport of petroleum, was vitally important. The development of transport equipment had been one of the major development priorities set out in the development strategy through the year 2030, proposed by President Nazarbaev. Kazakhstan highly valued its cooperation with the United Nations on the development of transport and transit networks through the landlocked countries of Central Asia. General Assembly resolution 53/171 on the transit environment in the landlocked States in Central Asia and their transit developing neighbours would contribute to the establishment of a transportation system in that region and consequently facilitate the export of goods and services from the Central Asian countries to world markets. It was also important for the United Nations Conference on Trade and Development (UNCTAD) to formulate a programme that would facilitate transport and transit in the landlocked countries of Central Asia and their transit developing neighbours.

38. Kazakhstan, pursuing a policy of enhanced regional economic cooperation, was actively making use of the possibilities offered by the United Nations. It welcomed the cooperation extended by the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific with a view to developing and

implementing the United Nations special programme for the economies of Central Asia (SPECA), the objective of which would be to assist the countries of Central Asia in strengthening their cooperation, stimulating their economic development, and integrating into the economic life of the countries of Europe and Asia. Current geopolitical realities demanded the development of a space exclusively for transport and telecommunications. Kazakhstan therefore supported the reopening of the Silk Route between the continents of Europe and Asia, which would galvanize economic development in the region of Central Asia.

39. Kazakhstan attached great importance to economic cooperation within regional organizations. Since May 1998, it had chaired the Economic Cooperation Organization, which comprised 10 countries in the region of Central Asia, and which offered considerable possibilities for the development and expansion of commercial and economic relations. Kazakhstan would continue to work within that organization to strengthen its ties to the United Nations. It would also continue to accord significant attention to economic cooperation within the Commonwealth of Independent States and the Central Asian Economic Community which was endeavouring to establish an exclusive economic and commercial space in its member countries.

40. Globalization had had adverse consequences on the environment of certain regions of the world, owing to the rapid expansion of the world economy and other human causes. As the century closed, sustainable development, environmental protection and the rehabilitation of ecological disaster zones were especially grave matters, calling for urgent solutions. Kazakhstan, which had ecological disaster zones such as the former nuclear testing ground of Semipalatinsk and the Aral Sea — whose very existence was endangered — would like the international community's assistance in finding solutions to ecological problems. In that regard, his delegation was extremely grateful to those Member States that had provided assistance to Kazakhstan in its efforts to surmount the socio-economic and ecological problems of the Semipalatinsk region. The resolutions adopted at the fifty-second and fifty-third sessions of the General Assembly entitled "International cooperation and coordination for the human and ecological rehabilitation and economic development of the Semipalatinsk region of Kazakhstan" had done much to arouse interest in the problems of the region. His delegation offered its special thanks to the Japanese Government and to the United Nations Development Programme (UNDP) for convening at Tokyo in September 1999 an international conference on the Semipalatinsk region, which had created a stir both in Kazakhstan and abroad. Also noteworthy in that regard was the significant assistance provided by the International Atomic Energy Agency (IAEA), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and donor countries.

41. **Mr. Castaneda-Cornejo** (El Salvador) said that his delegation, like many others, believed that globalization and the market economy would be driving forces for development in the twenty-first century. The Second Committee would be assessing their impact on the development of States, multinational corporations, non-governmental organizations and civil society, as well as on the various international financial institutions and the United Nations system. Transformations brought on by globalization tended to provoke certain fears, although such changes were accompanied by considerable advantages and opportunities for all the countries of the world and for millions of people. It was important to take note of the efforts that had been undertaken at the national and international levels, including by El Salvador, to promote the private sector, to maintain a low inflation rate, to keep prices stable, to reduce bureaucracy, to restore the balance of trade or to create a surplus, to eliminate or reduce tariffs on imports, to eliminate restrictions on foreign investments, to monitor internal monopolies, to increase exports, to privatize national services and industries, to eliminate excessive control of capital markets, to authorize the conversion of national currencies, to open up industry and the bond and stock markets to direct participation by foreigners and national investors, to eliminate excessive and ineffectual controls on the economy, to eliminate governmental corruption and subsidies, to open banking systems and telecommunications to private investors, both national and foreign, and to allow all persons to choose their own kind of retirement fund.

42. Globalization was accompanied by grave institutional problems. The Government of El Salvador was therefore endeavouring to promote democracy in accordance with the values and principles set out in the Universal Declaration of Human Rights. In its view, a true culture of peace must be created in order better to confront international economic crises, to resolve problems arising from natural disasters like Hurricane Mitch, and to effect reforms in El Salvador and throughout Central America that would render those societies sustainable and significantly improve the quality of life of their citizens.

43. The Salvadoran Government believed that globalization and its economic, social, political and ideological impact should be analyzed and discussed. New consensuses must be reached on development, the external debt, official development assistance, sustainable human development, the role of women, prevention and assistance in cases of natural disaster, technology transfers, and cooperation among international financial entities.

44. **Mr. Lee See-Young** (Republic of Korea) said that by 1999, most of the crisis-stricken countries were recovering from the financial crisis of 1997. Nonetheless, bold steps must be taken at both the national and international levels in order to withstand the volatile swings of open capital markets while, at the same time, reaping their benefits.

45. Interdependence made international cooperation more necessary than ever. The international community should regulate short-term capital flows through an early warning system.

46. Poverty eradication and social policies should be the centrepiece of crisis management and economic reform. In the absence of a social safety net for the most vulnerable segments of the population, sustained economic growth was merely an illusion. The crisis had shown that causes and solutions were peculiar to each country.

47. Globalization raised complex intersectoral issues. The United Nations had a vital role to play and should continue to examine the impact of globalization on the financial crisis in developing countries, the persistence of poverty and the marginalization of Africa and the least developed countries. In a new international development paradigm, the Committee should consider the concept of human-centred development, i.e., eradicating poverty and promoting sustained economic growth, overhauling United Nations development strategies in order to ensure developing countries' ownership of their own development, and bolstering the role of the United Nations in economic cooperation. The United Nations had already promoted dialogue on globalization. The panel organized by the Department of Economic and Social Affairs on international governance within the context of globalization should serve as a starting point for the Committee's discussions.

48. His delegation was concerned at the reduction in official development assistance (0.22 per cent of the gross domestic product of developed countries). It supported measures to reduce the debt burden of heavily indebted poor countries (HIPC), such as the Cologne debt initiative, and was considering making a contribution to the HIPC Trust Fund.

49. His Government supported the implementation of Agenda 21 and a more active role for the United Nations in the areas of climate change, desertification and hazardous and toxic waste. In August, the Republic of Korea had acceded to the United Nations Convention to Combat Desertification. It welcomed the reforms under way in UNEP and, as a member of the Commission on Sustainable Development, would help to promote sustainable development.

50. In the spirit of South-South cooperation, the Republic of Korea shared its experience with developing countries and, despite the economic crisis, was committed to expanding its assistance by financing an international cooperation project and dispatching hundreds of experts. In order to facilitate the transfer of environmentally sound technologies, the Republic of Korea would host a forum on South-South cooperation in science and technology transfers, to be held in Seoul in February 2000. In 1994, the Republic of Korea had agreed to serve as host for the International Vaccine Institute, whose aim was to help developing countries to develop vaccines. That Institute would become operational in the near future.

51. **Mr. Belinga-Eboutou** (Cameroon) welcomed the positive impact of globalization and, at the same time, expressed the fear that it would widen the gap between rich and poor countries and marginalize the countries of the South. Poverty eradication, environmental protection and the control of pandemics, particularly, AIDS, called for concrete solutions.

52. There were many causes of poverty. The economic growth rate of Africa (3 per cent) was very far from the 7 per cent required to reduce poverty by half by 2015 on that continent. Proposed solutions included increasing official development assistance and investments in poor countries; improving access to global markets for their products; and dealing with the debt problem urgently and on an equitable basis.

53. His delegation welcomed the decision by the United States of America to forgive the bilateral debts of poor countries. the assistance provided to developing countries would make it possible not only to prevent their marginalization but also to maintain a global balance. In that spirit, Cameroon and other Central African countries had undertaken a commitment to work together to protect the environment and conserve natural resources. To that end, they had decided to establish transboundary protected areas in the Congo River basin in order to preserve biological diversity, even though forests were a major source of income. The international community should

recognize that sacrifice to world ecological equilibrium by providing compensation in the form of a fund for the preservation and sustainable management of forests and biological diversity in central Africa. To that end, it should mobilize considerable resources, since the protection of fauna and flora represented a very heavy drain on the fragile economies of the region. His delegation would therefore submit a draft project on that question. Environmental protection, like AIDS, was a universal battle. That pandemic threatened not only the future of millions of African men and women but also of all humankind.

54. The twenty-first century offered hope for many things: solidarity; prosperity; the consolidation of peace and democracy; the protection of human, political and social rights; and, above all, the right to development.

55. **Mr. Gabay** (Israel) said that, for 50 years, the international community had been implementing development programmes aimed at improving the quality of life throughout the world. Through those programmes, disease and infant mortality had been defeated; life expectancy had increased; agricultural production and, as a result, food security had also increased; and the rate of literacy had multiplied. On the other hand, unfortunately, one billion people continued to live in disgraceful conditions.

56. The issues confronting the Second Committee affected the well-being of humankind and the future of the planet. More than ever, people were united by a common destiny. Such phenomena as malnutrition or poverty threatened the prosperity of nations and thus, regional and global security. The fate of constant progress was in doubt. In view of those difficulties, sustainable development alone would guarantee the future of generations to come. In order to promote such a development paradigm, international cooperation should accord priority to the elimination of poverty, food security for all, the eradication of disease, climate change and desertification control and the protection of biodiversity.

57. Israel, for its part, had decided to make its contribution in the areas in which it had accumulated the greatest experience and expertise, namely, enhancing food production in arid and semi-arid zones, developing agriculture-based communities and improving water management through new irrigation and recycling technologies. Its development activities, whose focal point was the Centre for International Cooperation (Mashav), were based on a number of principles. First, successful field activities which had an impact at the macroeconomic level, should be based on a thorough assessment of the needs of the populations concerned and carried out in close coordination with local leaders. Second, innovations should be introduced on a case-by-case basis and draw on lessons learned. Moreover, projects should be designed at the local level before becoming integrated in national development plans ("bottom up" approach). Israel exported its accumulated experience and know-how by training professionals from all over the world.

58. Israel had made agriculture and rural development priorities because communities in rural areas were generally the least privileged. A major concern was the efficient use of water, because climate changes had made water resources increasingly scarce. Israel had developed great expertise in the management of plant-soil-water relationships and was cooperating with other countries in the development of "desert margin" areas, which involved new irrigation methods or solar energy production systems especially suited to desert environments. Conscious of the problems posed by the rural exodus, Israel was undertaking measures in the areas of rural urban integration and peri-urban agricultural systems.

59. Thanks to the financial assistance provided by the United States Agency for International Development, Norwegian and Danish institutions and United Nations agencies, Israel had implemented programmes aimed at developing human resources and transferring know-how. His delegation hoped that the international community, in a spirit of cooperation and good will and rising above any political issues, would continue its efforts to promote sustainable development.

60. **Mr. Rodriguez Parrilla** (Cuba) associated himself with the statement made by the representative of Guyana on behalf of the Group of 77 and China and said that it was paradoxical that our era was characterized not only by globalization and the domination of technology but by increasing poverty. That situation required a complete overhaul of the existing world order and its fundamental principles.

61. In addition to the Asian crisis of 1997, whose full effects were still unpredictable — and which had shown the need for rigorous and responsible management of financial and economic activity in every country and exposed the ineffectiveness of international financial institutions — the world was currently suffering from a development crisis. That situation entailed a questioning of the neo-liberal ideology which, in the name of globalization, had made the developing countries pay a heavy price for their illusions about progress. Thus,

ironically, the countries which had suffered the most from the crisis were those which had most fully liberalized their financial markets and become most heavily involved with globalization processes. The affected countries were for the most part the developing countries, because the developed countries had even managed to profit from the fall in the price of commodities and the redirection of capital flows towards the industrialized economies. Thought must therefore be given to finding a management model for the world economy that would allow mankind to fight poverty more effectively in the twenty-first century.

62. The solution was to create a new, fair and sustainable world order, which would require the participation of developing countries in collective decisions and the complete overhaul of the international monetary and financial system currently dominated by the power of the dollar. A new, coherent definition of development must also be adopted that would do away with the artificial separation of trade, investment and finance, reduce the growing gap between the richest and poorest countries and abolish protectionist practices, which so flagrantly violated the principles of liberalism.

63. In that regard, it would be useful, as proposed by the Group of 77 and China, to organize under United Nations auspices a conference on the financing of development, which would provide a forum to discuss those problems in a truly democratic fashion. The next Ministerial Conference of the World Trade Organization (WTO) to be held in Seattle, would also provide an opportunity for all the developed countries to demonstrate their will to assume their obligations by taking the steps necessary to eliminate the imbalances typical of the international trade system, grant the developing countries the required special and differential treatment and throw open their markets to products from those countries. There had been numerous appeals to refocus the new cycle of multilateral trade negotiations on development issues. The United Nations Conference on Trade and Development (UNCTAD) was well placed to assist the developing countries to prepare for such a debate. The Second Committee must therefore make a positive contribution both to the Seattle conference and to the tenth session of UNCTAD.

64. Technological progress was one of the driving forces of globalization. Only those countries having adequate know-how could take full advantage of globalization's potential. The United Nations had not yet accorded sufficient attention to that issue; the activities of the Commission on Science and Technology for Development should therefore be renewed.

65. Finally, international development cooperation and official development assistance (ODA) must be reinforced because the developed countries, while stressing coherent follow-up to world conferences, had not truly respected their commitments to the area of transfer of resources and technologies. The credibility of United Nations actions would be measured above all by the concrete steps taken by the system to combat poverty in the field. Rhetoric must be replaced by a true partnership for development in which each partner assumed its historic responsibilities for solving the urgent problems faced by mankind.

66. Recognizing that the countries of the South must play a leading role and that the international community must better understand their aspirations, problems and advantages, the Group of 77 and China had decided to convene in 2000 the first South Summit, which would have as a priority to try to better understand the challenges of globalization and to define concrete measures to be adopted in the areas of South-South cooperation and North-South dialogue. As host country for the conference, Cuba would encourage open dialogue and fruitful exchanges of views.

67. **Mr. Acemah** (Uganda), aligning himself with the statement made by the representative of Guyana on behalf of the Group of 77 and China, observed that as the third millennium approached, the world economy seemed to have achieved rather mixed results. The objective of reducing poverty by half by the year 2015 seemed out of reach. Although important progress had been made in the area of debt reduction, the problem of heavy debt loads remained unresolved. The exponential growth in world trade had not benefited the developing countries, and their economic position as a group had deteriorated, a situation that required a realignment of global opportunities and the redistribution of wealth.

68. The many problems to be resolved required an integrated approach, involving an international dialogue that would include the key areas of investment, finance and access to technological and financial resources. There was no panacea, and a whole set of actions needed to be taken to enable developing countries to exploit global opportunities. In order to guarantee sustained growth and sustainable development, the entire international community must make major structural changes in the areas of production and consumption and make concessions in sensitive areas such as agriculture and access to technology within the framework of widened and reinforced international cooperation for development.

69. Globalization and interdependence together with the opportunities and risks they presented, had taken centre

stage in 1997 with the advent of the Asian financial crisis. Although that crisis was over, the necessary lessons must be learned in order to avoid any repetition. His delegation believed that the item on globalization and interdependence should remain on the Committee's agenda, and he welcomed the fact that the *Human Development Report 1999* focused on globalization. In order for globalization to benefit all, it was essential that it not degenerate into a runaway private sector-driven process without a human face; that the major actors ensure that the profit motive did not compromise the objectives of the general interest and public good, which were priorities in the developing countries; that all countries participate effectively in international economic and financial decision-making; that international development cooperation be reinvigorated, in particular in the areas that would best help the developing countries to benefit form globalization, such as trade, investment and physical and institutional capacity-building; that donors meet the objective of 0.7 per cent of GNP for official development assistance (ODA); and finally, that governance be strengthened in order to make better policy choices which would minimize the risks of globalization.

70. In that context, in view of the importance of the role played by transnational corporations in globalization, Uganda had suggested reactivating the United Nations Centre on Transnational Corporations and the United Nations Commission on Transnational Corporations, whose abolition had been a mistake.

71. Any debate on sustainable development should refer to the small island developing States which could only survive if human activity did not bring about dramatic environmental consequences such as global warming. His delegation welcomed the fact that the twenty-second special session of the General Assembly had been devoted to those countries and reiterated its commitment to the results of the Rio Conference and to Agenda 21 which offered a blueprint for environmentally sound development, with the responsibility shared by all.

72. Financing for development was another major theme deserving special mention. There was every reason to strengthen international cooperation for development, as the assistance offered to the least developed countries would enable them to take their legitimate place in the community of nations; that would not be to the detriment of the developed countries, since they would benefit from expanded opportunities for trade in a world free from the potential risks of polarization and conflict of interests that could have negative social and political consequences.

73. That effort was all the more necessary as the economic growth of developing countries overall had declined; the least developed countries and Africa had suffered the most, since their situation had been further aggravated by civil and political strife and the spread of diseases such as AIDS, malaria and tuberculosis. Uganda welcomed the agreed conclusions adopted by the Economic and Social Council at its coordination segment in 1999 and the call for the Secretary-General to commission an independent evaluation of the United Nations New Agenda for the Development of Africa in the 1990s as an input to the high-level segment of the Council in 2001 and the final review of the New Agenda in 2002. New support mechanisms for African development in the subsequent decades should also be considered, even if the African countries themselves would have to take the necessary action in such areas as peace and security, good governance and political and economic reforms.

74. Finally, with regard to the third United Nations Conference on the Least Developed Countries, his delegation believed that the least developed countries should be helped to benefit from opportunities in the areas of trade and investment. The WTO Third Ministerial Conference should take concrete actions in the areas of guaranteed and duty-free market access for products from developing countries, full implementation of the Marrakesh Declaration and Ministerial Decision on Measures in Favour of the Least Developed Countries as well as special and differential treatment of such countries as an integral part of the multilateral trading system, including measures to facilitate trade. Commending the work of UNCTAD in that area, his delegation emphasized the importance of the current debate which gave the United Nations an opportunity to make a meaningful contribution to international economic decision-making.

75. **Mr. Dan Nanjira** (World Meteorological Organization) said that some of the items under consideration by the Second Committee — such as those relating to the atmosphere, the environment, implementation of Agenda 21, the conventions on climate, desertification and biodiversity, natural disasters, and small island developing States — were relevant to the mandate of the World Meteorological Organization. Those issues all required concerted international efforts and strong political commitment from the international community.

76. The meteorological and hydrological services were making an outstanding contribution to the safety and welfare of mankind; indeed, thanks to scientific forecasting and warning services, Governments could forewarn and

protect their people from hurricanes, floods, and other natural disasters; improve agricultural productivity; and manage water resources more efficiently as well as minimizing the impact of desertification, acid rain, ozone layer depletion and other threats to the environment.

77. The thirteenth WMO Congress, held in Geneva in May 1999 had mapped out a strategy for the twenty-first century, in the framework of the existing unique system of international cooperation among meteorological services. The organization's future activities would focus on ensuring that national meteorological and hydrological services would have ready access to accurate data under the principle of unrestricted exchange of data; that the potential of meteorological and hydrological early warning systems would be fully realized in order to reduce loss of life and property; that collaboration among scientific communities would lead to the development of effective forecasting systems and a global environmental monitoring system based on the World Weather Watch. The international community should reassess the contributions of science and technology to development with a view to enhancing the applications of advances in science and technology, including the geosciences, to sustainable development.

78. **Mr. Shen Guofang** (People's Republic of China) said that globalization had created enormous economic wealth but had also widened the gap between rich and poor and exacerbated inequality. Globalization should bring prosperity to all, through cooperation and the establishment of a new world order. There would be no global prosperity without growth and development of developing countries which were home to 90 per cent of the world's population. The new world order should put developing countries on an equal footing with the developed countries, which should demonstrate their political will and sense of responsibility to contribute to a just and equal world.

79. The few developing countries that had managed to develop some competitive products had suffered from the protectionism of the developed countries. Trade liberalization and the opening up of markets should be carried out in such a way as to eliminate trade barriers imposed on products from developing countries. The fact that some of those countries were excluded from the World Trade Organization was cause for concern, since joining that agency was an essential step towards integration into the world economy.

80. The recent financial crises in Asia had shown that the opening of the capital account should not go beyond the capacities of a country's financial system and that the burden of responsibility should not be placed on developing countries alone. Moreover, it was clear that a solution decided only by the international financial institutions was not adequate and that each situation should be settled individually. International financial management should be ameliorated to allow developing countries the right to full participation in capital movements. The United Nations conference on the financing of development, to be held in 2001, would provide an opportunity to discuss many important issues, such as financing resources and the international financial system. New rules in the international economic field should be democratic and ensure developing countries' equal rights, reversing the existing situation where developed countries laid down rules and developing countries were left with no choice but to follow.

81. The role of the United Nations in the field of development had been weakened over recent years. As the most representative international organization, however, it should play a leading role in the establishment of a fair and reasonable new international economic order that could solve the problems of the new century. United Nations operational activities had helped to facilitate the capacity-building efforts of developing countries. It was to be hoped that donor countries would give them due priority so that the downward spiral of voluntary contributions could be reversed at an early date.

82. The People's Republic of China celebrated its fiftieth anniversary in 1999. Despite the difficulties it had suffered in the Asian financial crisis, China was convinced that it should stick to the path of development suited to its national conditions and pursue its strategy of opening up with determination and confidence. Many reforms were under way in order to transform the mode of production and rejuvenate the country through science and education, with a view to sustainable development. China also intended to be actively involved in international cooperation at various levels and contribute to world prosperity and stability.

83. **Mr. Kebede** (Ethiopia) said that the Second Committee was ideally positioned to contribute to the debate on globalization and produce a coherent analysis of its various impacts. Globalization, which had both benefits and pitfalls, could increasingly marginalize the countries of sub-Saharan Africa in the emerging global economic order. Those countries endured serious fluctuations in the global markets, with the prices of commodities having fallen to their lowest level in a century and a half. They had shown little growth in exports and attracted virtually no

foreign investment. In sum, global opportunities were currently unevenly distributed between countries and peoples. The international community should therefore undertake a rigorous and balanced review of the international framework for global trade and finance. In that regard, the World Trade Organization Ministerial Conference, the tenth session of UNCTAD and the various mid-term review meetings scheduled for the months and years ahead should consider policies which could help to ensure the successful integration of developing countries into the world economy on an equitable basis and avoid the risk of further marginalization.

84. The revitalization and strengthening of international cooperation was necessary in order to facilitate the active participation of developing countries in the world economy. Development cooperation had to be structured systematically to transfer resources and know-how from the rich to the poor. Its overriding moral goal should be to combat poverty and ultimately enable developing countries to participate as equal partners in the international economic order. If international cooperation was to make a difference in the next millennium, it required sustained and long-term commitment by development partners.

85. The failure of international cooperation over the past three decades was due to the fact that it had never had the volume of resources that had been promised, not to mention what was needed to make an impact. Most of the development partners were far from reaching the agreed target of 0.7 per cent of their GNP for development aid, and in some cases their contribution had shrunk. All too often, small amounts of development assistance reached developing countries only after a long decision-making process and being tied to all sorts of conditions. Both developed and developing countries had the responsibility to improve the quality of development cooperation. Success would be achieved by collectively undertaking constructive dialogue as equal partners. A more transparent, predictable and stable partnership was needed, and the rules of the game should be clearly understood. It required confidence to be effective. In that regard, Ethiopia attached paramount importance to the report of the Ad Hoc Open-ended Working Group on Financing for Development and hoped that the convening of a conference on that topic would provide the opportunity to examine scrupulously the problem of development financing in a coherent manner.

86. The debt overhang problem had a critical bearing on the ability of developing countries to mobilize resources for development. Many excellent declarations of intent had been made by the creditors. The latest initiative — the Heavily Indebted Poor Countries Debt Initiative — was indeed a step forward. Practice had shown, however, that the measures envisaged by the initiative were half-hearted and far from adequate, as had come to be recognized by its authors. The debt stock of developing countries, and especially of the highly indebted poor countries, was clearly unsustainable. Given its negative impact on their economies, the issue needed to be discussed fundamentally from a political angle and from the perspective of sustainable growth and development. The international community should adopt radical measures, such as debt cancellation or conversion into grants of official bilateral and multilateral debt. That would not be beyond reach. His delegation hoped that the Cologne summit meeting's initiative on enhanced debt relief and the recent announcement at the annual meeting of the International Monetary Fund and the World Bank would contribute to a durable solution to the debt overhang problem.

87. The developing countries should play an enhanced role in the international trade regime. Since the conclusion of the Uruguay Round in 1994, several studies had shown its likely implications for the world economy and especially for developing countries. Losses in sub-Saharan Africa were considerable. African exporters faced reduced preferential tariff margins, and Africa would lose its privileged status under the Lomé Convention in respect of textiles, clothing and agriculture. Thus the effective integration of African countries into the multilateral trading system and their full participation in the WTO process needed to receive priority attention at the upcoming Ministerial Conference and the next session of UNCTAD. The opening of the markets of the North to the products of African countries should be one of the major goals of the conferences if the multilateral trading system was to be strengthened. It was also imperative to implement the provisions on special and differential treatment and indeed to expand the concept, given the dynamic nature of the international trade system. Supply-side weaknesses resulting from the difficulties of economic diversification and the fall in commodity prices were problems requiring an urgent response in the next cycle of negotiations on trade and development.

The meeting rose at 1.20 p.m.

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Summary record of the 8th meeting
Held at Headquarters, New York, on Friday, 8 October 1999, at 3 p.m.

Chairman: Mr. Olhaye ..... (Djibouti)
later: Mr. Brauzzi (Vice-Chairman) ..... (Italy)

Contents

General debate (*continued*)

Agenda item 97: macroeconomic policy questions

(d) Science and technology for development

(e) External debt crisis and development

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99-81496 (E)

The meeting was called to order at 3.05 p.m.

General debate (*continued*)

1. **Mr. Taib** (Malaysia) said that on the threshold of the new millennium, the Committee should consider whether its efforts had made the world a better place for future generations. His Government considered that multilateralism, for all its faults, would ultimately benefit mankind and that the sense of purpose and political will of Member States would determine the quality of the Committee's future work.

2. His Government hoped that within 20 years, Malaysia would become a developed country and, to that end, had been implementing its Vision 2020 for nearly 10 years. However, Government efforts to eradicate poverty had been hindered by the Asian financial crisis. Ironically, not only had the country been impoverished virtually overnight as a result of attacks on its currency; it had also been unfairly blamed for that impoverishment.

3. He welcomed the European Union's emphasis on a more comprehensive approach to poverty eradication and said that he hoped that that implied a readiness to address the systemic problems in the international financial architecture which had led to the crisis by giving free reign to the movement of short-term capital. Through measures taken at the national level, Malaysia had recovered from the crisis. However, there were lessons to be learned from that experience. The Internet revolution had transformed globalization; through the activities of hedge funds and highly leveraged institutions, trillions of dollars moved unfettered across borders at the click of a mouse. A crisis of the magnitude experienced should not be attributed entirely to domestic macroeconomic policies; the volatility of short-term capital flows and the activities of currency manipulators were also to blame.

4. The world must be guided by values and decisions that embodied fair play and the common good. The new international financial architecture should address the fundamental weaknesses of the free-market system and the inherent instability of the international financial system. It was important to avoid destabilizing capital flows in order to maximize the benefits from globalized capital markets and minimize risks; decrease the likelihood of future crises; limit the contagion effect of any such crisis; contain the adverse impact of currency trading on small economies; and ensure good practices by Governments and the private sector.

5. The international community, the United Nations, the Bretton Woods institutions and the "private clubs" of the world's wealthiest nations, such as the Group of Seve should move quickly to establish a system of checks a balances in order to discourage abuse of the financ system. The Organization must see itself as a custodian core values and take concerted action to prevent anoth crisis from setting the development clock back by decad

6. **Mr. González** (Paraguay) said that economic grow was at a virtual standstill worldwide and that much rece progress, particularly in developing countries such as h own, had been undone by the financial crisis. Paraguay h what amounted to a negative growth rate, its lowest in ov two decades. Government measures aimed at lowering t fiscal deficit must include consideration of the consequenc of such measures, particularly in view of the increased leve of poverty, unemployment and crime that had resulted fro the current economic situation.

7. Recent years had seen a fall in the price of Paraguay exports on the international market, decreased investme in productive sectors and climate conditions unfavourab to the agricultural activities on which the country's econon was based. While the current situation could be attribute in part to the transition from an agricultural to a industrialized society, it was also the result of globalizatio and of flaws in the existing global financial and tradi system. The crisis had alerted the international communi to the need for a more efficient and secure system, but litt had been done to prevent the occurrence of future crises.

8. While considerable progress had been made towar the development of an open, non-discriminatory, secur transparent and predictable multilateral trading system, muc remained to be done, his country, which was heavi dependent on foreign trade, had suffered greatly from th remaining inequities in the current system. Technic barriers, health and phyto-sanitary measures, competitio policies, intellectual property issues, subsidies an environmental policies constituted new barriers to trade. H therefore attached great importance to the rapid, effectiv implementation of the Uruguay Round agreements and to th success of the Millennium Round of trade negotiation Future WTO negotiations should include all sectors commercial activity and avoid falling into the trap of sector negotiations.

9. His Government was committed to its membership the Cairns Group and supported the admission of Bolivi Costa Rica and Guatemala. He also stressed the importanc of the Southern Common Market (MERCOSUR) to th process of integration and trade liberalization. Developmen financing was of great importance, particularly in view o the current decline in development assistance. With respe

to the environment, his Government was committed to the implementation of Agenda 21 but stressed the need for adequate resources and rejected categorically the use of environmental policies for protectionist purposes.

10. Lastly, he thanked the Governments that had supported Paraguay during its recent political crisis. His own Government was committed to pursuing economic development within the framework of democratic institutions and human rights and was convinced that democracy was the only path towards fair and equitable development.

11. **Mr. Aho-Glele** (Benin) said that on the eve of a new millennium, the Committee should evaluate the results of the plans, programmes and strategies adopted during the current decade. The situation of developing countries continued to worsen, the poverty rate was on the rise and official development assistance (ODA) was declining. His delegation therefore considered that the situation of the developing and, in particular, the least developed countries deserved greater attention from the international community.

12. **Mr. Guglielmelli** (Venezuela) said that the effects of globalization were not limited to the economic field; that process had also led to new relationships between many different issues. It was time to develop a new global financial architecture and his delegation therefore supported the holding of a high-level international intergovernmental forum on financing for development not later than the year 2001 as mandated in General Assembly resolutions 52/179 and 53/173 and considered that it was essential for the multilateral financial bodies, including WTO, to participate actively in that conference.

13. In order for the developing countries to benefit from globalization, the multilateral trading system must be based on clear, equitable, transparent and non-discriminatory rules. His delegation was opposed to protectionist measures based on environmental or labour-related considerations and hoped that the Millennium Round of trade negotiations would help to eliminate trade barriers and guarantee free market access. Cooperation between the developed and the developing countries must be strengthened in order to seek flexible solutions for debt reduction, including the timely rescheduling under advantageous conditions of the financial commitments of the developing and, in particular, the least developed countries.

14. Organizations of civil society must be involved in the development, implementation and evaluation of social programmes in order to ensure continuity and genuine impact and to make more efficient use of the available financial resources. Despite the structural adjustment measures taken in Venezuela, his Government had developed a set of compensatory programmes for the most vulnerable groups, focusing on young people and women. The United Nations had provided invaluable assistance in national capacity-building and the execution of social programmes; he was, therefore, deeply concerned at the continued decline in funding for the agencies of the United Nations system and, generally speaking, in ODA.

15. South-South cooperation was essential to the promotion of development. His delegation supported the implementation of the Caracas Programme of Action on Economic Cooperation among Developing Countries and welcomed the results achieved through the Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries.

16. His Government was committed to the conservation and rational use of the country's many natural resources, particularly those of the Caribbean coastal region. It therefore supported the proposal to have the Caribbean Sea recognized as a special area in the context of sustainable development.

17. **Mr. Lewis** (Antigua and Barbuda), speaking on behalf of the Alliance of Small Island States (AOSIS), thanked the delegations that had expressed support, at the twenty-second special session of the General Assembly, for the Programme of Action for the Sustainable Development of Small Island Developing States and the Governments that had made concrete commitments in that regard. The Alliance looked forward to the position paper on the need for better coordination of environmental issues that would be forthcoming from the European Union.

18. Small island States were particularly vulnerable to the effects of climate change, globalization and trade liberalization; the loss of trade concessions, in particular, had had a dire impact on their economies. He hoped that the United Nations system and the international community would help find and implement workable solutions to those problems. Small island countries were deeply committed to the Barbados Programme of Action, which had established their special status in the context of environment and development, and had worked hard to move towards sustainable development. Ultimately, however, there was a need to ensure global recognition that the agenda for the small islands was, in fact, the agenda for all.

19. Finally, turning to two issues of particular relevance to small island States — climate change, and globalization and trade liberalization — he said that the Alliance planned to play an active role in the Fifth Conference of the Parties to the United Nations Framework Convention on Climate Change. He emphasized that the international community

must recognize that free trade must mean fair trade, in goods and services produced and supplied under conditions respectful of the rights and dignity of the labour force and bearing in mind the need for environmental protection.

20. **Mr. Ayari** (Tunisia) said that globalization was the biggest challenge facing the international community. It had contributed to the universal integration of markets for goods and services and, to a certain extent, for capital and technology; but it had also destabilized the economies of developing countries, and widened the gap between rich and poor countries. If globalization was not brought under control, it could lead to more difficulties in international relations and development models. To that end, an international economic climate must be maintained that was conducive to development and to growth, particularly of the developing countries.

21. Financial deregulation was one aspect of globalization which had contributed to the destabilization of developing countries. The international community and United Nations bodies must work in cooperation with the Bretton Woods institutions to prevent cyclical upheavals. Tunisia supported the idea of establishing a multilateral mechanism to control foreign capital and speculative flows in order to stabilize and regulate the international financial and monetary situation so as to respond better to the development requirements of the countries of the South and promote their progressive integration into the world economy. It was also essential to implement the commitments which had been made, particularly in the context of major international conferences on economic and social development, and to adapt them to the requirements of the next stage.

22. The steady increase in poverty in many regions of the world resulted partly from the decline in official development assistance, which was an important source of external resources for many developing countries, especially in Africa. At the forthcoming Ministerial Conference of the World Trade Organization, the arrangements agreed upon in trade negotiations should be consolidated, particularly special and differential treatment for the developing countries.

23. Substantial support was needed from the international community to deal with the many, varied challenges in the African continent. In order to achieve the goal of a 50 per cent reduction in poverty by 2015, the gross domestic product would have to increase by at least 7 per cent a year; currently the growth rate was only about 3 per cent.

24. The problem of external debt and debt-servicing in developing countries required effective, equitable and development-oriented solutions. The African debt, which had risen from $344 billion in 1997 to $350 billion in 1998, required special attention because of the very limited repayment capacity of the African countries. Tunisia welcomed the debt reduction plan approved recently for the heavily indebted poor countries, and hoped that the middle income countries would also benefit from the efforts made to resolve the debt problem.

25. **Mr. Li Hyong Chol** (Democratic People's Republic of Korea) said that although the international community had made considerable efforts to achieve the goal of sustainable development along with environmental protection, the economic situation of the developing countries had worsened due, in large measure, to the inequitable international economic order. Unilateral economic sanctions were obstructing the economic development of many developing countries and undermining regional economic development. The long-standing unilateral economic sanctions maintained by the United States of America against his own country were hindering development in the area of the Tuman river, which was pivotal to the overall economic development of north-east Asia.

26. Efforts should be made to seek consensus on ways to address the challenges faced in the implementation of the International Development Strategy for the Fourth United Nations Development Decade. First, a fair and equitable international economic order must be established; that required economic cooperation that would enable developing countries to build industry by themselves, and fair trade relations without protectionism. Developing countries must further intensify South-South cooperation on the basis of the principle of collective self-reliance. All unilateral economic sanctions must be eliminated immediately, and in the context of conflict resolution, due attention should be paid to sustainable economic development. Second, developed countries should be more rigorous in fulfilling their ODA commitments, on the basis of non-interference in internal affairs. Third, appropriate measures must be adopted to further consolidate the role of the funds and programmes of the United Nations system in the field of development and enable developed countries to fulfil their commitments regarding the transfer of funds and technology.

27. **Mr. Jordan-Pando** (Bolivia) said that although globalization and liberalization offered opportunities to all countries, they had widened the gap between the developed and the developing countries. Moreover, the recent financial crises had increased the vulnerability of most of the developing countries and undermined their prospects of being integrated into the global economy. For example, although Bolivia had made great efforts to achieve political and economic stability and to create the conditions for

sustained development, it had seen an abrupt deceleration in its growth rate. It was extraordinary that the capital market did not distinguish between productive capital and speculative capital, giving rise to crises which had not been foreseen by the Bretton Woods institutions.

28. In view of the decline in resources allocated to development, it was essential for the international community to fulfil the development commitments it had voluntarily assumed. Development financing must not only increase, but must be sufficient to reverse current trends in the world economy and prevent increased marginalization of the poorest countries, and the perpetuation of underdevelopment.

29. His delegation attached importance to the topic of science and technology, and supported the organization of a global forum, with regional and national participation.

30. **Mr. Hovhannisyan** (Armenia) said that all Governments needed to pursue sound policies and make appropriate structural adjustments to meet the challenges and take advantage of the opportunities that globalization presented.

31. Armenia was trying to adjust to the multiple stresses of post-Soviet economic, cultural and political transformation. The new Government's economic programme had recently been approved by the newly elected national assembly, which had once again endorsed the course of economic reforms in a spirit of free market relations. The key issue in Armenia was to further strengthen financial stability, for which cooperation with international financial institutions, particularly the Bretton Woods institutions, was increasingly important. Foreign investment had increased somewhat over the past two years, demonstrating the growing trust of foreign investors. Another top priority was the establishment of institutional and structural machinery and capacities to increase export-led production. Bilateral negotiations for Armenia's accession to the World Trade Organization were almost completed.

32. The economic problems common to all countries in transition were further aggravated in Armenia by lack of access to the sea and the blockade of transportation routes. His Government condemned unilateral economic coercive measures, particularly in the South Caucasus region, which seriously hampered the implementation of regional projects and the elaboration of new programmes, but it believed that through close cooperation, both economic and political, the region would eventually achieve lasting stability.

33. As an active advocate of regional economic cooperation, his Government strongly supported the Black Sea Economic Cooperation, which would undoubtedly contribute to the creation of a future Europe-wide economic space and promote mutual understanding, peace and security in the region. However, it believed that the success of regional economic initiatives was dependent on the cooperative involvement of all those who wished to participate: any attempts to isolate any of the interested parties would result in negative effects.

34. His Government had always been committed to the implementation of the United Nations conventions on biological diversity, climate change and desertification; land degradation was becoming an issue of concern in Armenia because of loss of forest cover, drought and soil erosion. It supported the establishment of an additional regional instrument to the United Nations Convention to Combat Desertification which would cover the specific concerns of the countries of Central and Eastern Europe, and had submitted a draft for consideration by the Conference of the Parties at its third session.

35. **Mr. Castillo** (Dominican Republic) said that poverty eradication was the greatest challenge facing the United Nations system. Stronger action was needed to combat the continuing burden of poverty and unemployment in the developing countries. Unless there were significant changes in the world economy to ensure a more participatory and equitable multilateral trading system and sustained growth, the development crisis would be further exacerbated; the terms of the Uruguay Round of multilateral trade negotiations must be fulfilled.

36. Progressive deterioration of the environment seemed inevitable due to people's lack of awareness and to the limited financing available to combat poverty. The failure of most of the developed countries to meet the targets for official development assistance and the sharp decline in the funds provided through the Development Assistance Committee gave great cause for concern. The external debt of the developing countries, which had almost tripled over the past decade, was a major obstacle to growth. In the case of Latin America and the Caribbean, external debt had increased almost 17 times since 1980.

37. While the Dominican Republic had achieved levels of sustained economic growth averaging 7.8 per cent over the past three years it still had many of the limitations typical of a developing country. It had achieved growth and stability and had even reduced its debt by $289 million over the past three years, but had done so at great cost to itself, for it had had to cut back on investment in the social sector.

38. In view of the decline in official development assistance, the idea that the developed countries should adopt measures to streamline their assistance programmes was encouraging. In that context, a number of things needed doing: access of the developing countries to major markets, direct external investment and the transfer of technology must be assured; short-term private capital flows must be subject to monitoring to ensure that the interests of developing countries were taken into account; bureaucratic processes for the disbursal of assistance and loans of multilateral bodies must be simplified; the trend towards decline in official development assistance must be reversed; the external debt relief programme must be expanded to include middle-income countries and lasting solutions must be found to the problem of the external indebtedness of the developing countries. Finally, at the conference on financing for development, Governments should affirm their commitment to fulfil agreements in respect of development and the elimination of extreme poverty. In order to carry out those tasks, the United Nations must develop an agenda which would place the international economy at the service of the peoples of the world.

39. **Mr. Larrain** (Chile) said that the Committee's debate on financing for development should take into account lessons learned from the world financial crisis and lead to a consensus on the need for a stronger, stable monetary and financial system. His delegation hoped that Member States would agree on the modalities for the high-level international intergovernmental consideration of financing for development to take place in the year 2001, which should allow for the effective participation of the Bretton Woods institutions and the private sector and input from regional groups. Action in the fields of environment and women in development should be informed by the principles of gender equity and generational equity (the concept that development models should preserve the environment for future generations).

40. It was to be hoped that the forthcoming trade negotiations during the tenth session of the United Nations Conference on Trade and Development (UNCTAD) and the Ministerial Conference of the World Trade Organization (WTO) would be conducted as a genuine "development round". The Committee must send a clear message on the need to strengthen technical cooperation by building the negotiating capacities of developing countries and integrating them into the dispute settlement mechanism of WTO. Its discussion of business and development must emphasize the decisive role of the private sector in the development of international economic relations and stimulate an exchange of experiences on building private-sector productive capacities without distorting competition.

41. The Committee should focus, in particular, on globalization and poverty eradication and the strong linkage between the two. In future, an item on equity might be included in the agenda of the General Assembly, for joint consideration by the Second and Third Committees, with a view to encouraging the equitable distribution of the benefits of economic growth.

42. In conclusion, his delegation welcomed the Secretary-General's appeal to Member States, to reconcile the demands of a unified world with a tolerance for differing sovereign political and economic systems. His delegation also hoped that the Committee would place special emphasis on the question of science and technology for development, on which much remained to be done by the entire United Nations system.

43. **Mr. Akinsanya** (Nigeria) said that the Committee should address the problems of developing countries, particularly the African countries, which had scarcely benefited from globalization and even faced the risk of further marginalization as a result of it. With consistently negative economic growth and development indicators, the African countries needed an international economic and financial climate that promoted fair trade; increased market access for African products; stimulated net capital inflows and, above all, gave globalization a human face. His delegation endorsed the initiatives being taken by the developing countries in preparation for the Ministerial Conference of the World Trade Organization.

44. Debt overhang remained the greatest single obstacle to Africa's development efforts. The African countries devoted more resources to debt-servicing than to addressing the social needs of their teeming populations; the per capita debt burden in Africa was $357, compared to per capita income of less than $100. It was now common knowledge that some of that debt had been contracted under morally questionable circumstances. Cancellation of the African debt should therefore be regarded not as a favour but rather as a necessity. His delegation would make specific proposals in that connection during the Committee's consideration of external indebtedness.

45. The recovery of capital illegally transferred from African countries by corrupt regimes in collaboration with foreign partners might well enable the African countries to repay a large portion of their debt. Convinced that the problem should be dealt with at the international level, the President of Nigeria had proposed the elaboration of an international convention on the repatriation of capital

illegally transferred from Africa and other developing regions of the world. His delegation hoped that the Committee would consider the question during the current session. The international community must also address conflict situations in Africa; the deployment of scarce national resources for both the prosecution of conflicts and peacekeeping and peace-building efforts were an obstacle to African countries' development.

46. Other issues which the Committee should consider included the problems of HIV/AIDS and environmental issues, such as climate change, biodiversity, desertification, deforestation and gully erosion.

47. *Mr. Brauzzi (Italy), Vice-Chairman, took the Chair.*

Agenda item 97: macroeconomic policy questions (A/54/56, A/54/94-S/1999/518, A/54/170 and A/54/175, A/54/270, A/54/370)

(d) Science and technology for development

(e) External debt crisis and development

48. **Ms. Brandwayn** (United Nations Conference on Trade and Development) introducing the report of the Secretary-General on science and technology for development (A/54/270), said that, with so many areas to cover in a biennial report, it had been impossible to do justice to, or even to address all issues. One question which had not been treated was the creation of support structures and a policy environment conducive to learning and innovation in an era of increasingly innovation-based and, very often, technology-innovation-based competition. Useful supplementary reading in those areas might include the report of the Secretary-General of UNCTAD to UNCTAD X (TD/380); the 1999 World Investment Report; a book entitled *Knowledge-based Societies*, published by the Centre for Science and Technology for Development; the most recent report of the Centre for Science and Technology for Development to the Economic and Social Council; and the reports of the UNCTAD Commission on Enterprise, Business Facilitation and Development dealing with electronic mail commerce.

49. Capacity-building was a central issue in the formulation of a common vision regarding the future contribution of science and technology for development (A/54/270, sect. V). To that end, explicit and coherent national science, technology and innovation policies and appropriate international frameworks were needed. Priority should be given to increased investment in education, particularly engineering and science; the promotion of vocational training; and the improvement of the scope and methodology of scientific and technological education. It would be important to collaborate with the private sector in matching skills and needs and to integrate women in the technological change process, including through universal access to basic education for all women.

50. In an era in which access to knowledge was expanding and becoming less costly, it would be crucial to monitor the quality of information and to strike a proper balance between providing incentives to invest in knowledge creation and maintaining a tradition of openness and the free exchange of scientific information. It would be necessary to increase support for research in the public sector, particularly in health and agriculture, to encourage the development of indigenous knowledge systems and to increase capacities for the assimilation of transferred technology. Research institutions could not be expected to play both a long-term public research function and a short-term entrepreneurial role. Linkages between users and producers of knowledge would be particularly vital in developing countries, where the information-seeking and in-house development capabilities of small enterprises were limited.

51. **Mr. Rahman** (United Nations Conference on Trade and Development), introducing the report of the Secretary-General on recent developments in the debt situation of developing countries (A/54/370), said that the total external debt of developing countries and countries with economies in transition at the end of 1998 had been estimated at nearly $2.5 trillion, representing a 6 per cent increase over the preceding year. Debt to exports and debt to gross domestic product ratios had increased significantly, but the distribution of debt among the different developing and transition country regions had not changed significantly. The amount of total debt service paid had remained almost unchanged, while arrears on interest and principal payments had increased slightly. Those overall trends masked the serious debt problems faced by the heavily indebted poor countries and the fact that a growing number of middle-income developing countries had experienced serious payments problems, aggravated by the contagion effects of the Asian financial crisis (A/54/370, paras. 3 to 5).

52. The most noticeable efforts with respect to international debt strategies had been those relating to the heavily indebted poor countries or involving the private sector within the framework of the Paris Club (A/54/370, para. 19). Thus far, a total of 14 countries had been included in the HIPC process, which had been brought to completion in four cases. Overall, implementation of the initiative had been slow in the first two years, owing to the complexity of the process itself and to financing constraints; meanwhile, the situation of the HIPC countries was deteriorating. A

review process initiated by the Bretton Woods institutions had attracted proposals from non-governmental organizations, creditor Governments and international organizations, including the United Nations. In that connection, he drew attention to a report prepared by UNCTAD for the Executive Committee on Economic and Social Affairs of the United Nations entitled "Finding solutions to the debt problems of developing countries".

53. A major development in relation to the HIPC initiative had been the Cologne debt initiative (A/54/370, para. 44), which linked debt relief to poverty reduction, and aimed at deepening and quickening debt reduction through a reduction in debt sustainability thresholds; a deeper degree of cancellation; interim relief; "floating completion points" (A/54/370, para. 46); and, as a result, an increase in the number of countries expected to be eligible for debt relief. The initiative had resulted in Paris Club reductions of 90 per cent or more and debt cancellation under official development assistance. The ultimate objective was to provide an exit from unsustainable debt burden or constraints to debt repayment, such as the scarcity of foreign exchange or the lack of budgetary resources. In that connection, he welcomed the recent statement by the President of the United States of America concerning debt cancellation for HIPC countries. It was crucial, however, that financing for the HIPC initiative should not be provided at the expense of official development assistance and that the ability of multilateral development banks to provide support to member States be safeguarded.

54. The effectiveness of linkages between poverty reduction and debt relief would depend on how such linkages were made. Particular attention should be devoted to the inflationary risks and budgetary pressures to which HIPC countries were subject and new demands on their limited administrative resources.

55. Middle-income countries facing serious payment pressures, often as a result of the Asian financial crisis, were again seeking debt rescheduling; however no new initiatives had been put forward in their favour other than the proposal to increase the upper limits for debt swaps made at the Cologne Summit. The major debt crisis in the Russian Federation was affecting Eastern European countries and international capital markets and had resulted, in July, in an arrangement with the Paris Club to postpone servicing on the Soviet-era debt.

56. One reason that the problem of external indebtedness had become so entrenched was the failure to reconcile the interests of the wealthier countries, bent on maintaining stable prices and growth below potential in order to maximize the rate of return on their capital, and the developing countries seeking to achieve the highest possible growth of per capita income. Even the emergency funding provided during the Asian financial crisis had been designed to provide a means of repaying international creditors rather than to help the borrowing countries. In general, as developing countries attempted to improve their growth performance, they ran balance of payments deficits, and required greater capital inflows. The various effects of the large deficit, however, discouraged investors. The resulting decrease in capital flows affected both the imports and exports of the debtor country and certain sectors of developed countries. Some of the European economies had demonstrated that such asymmetries were reconcilable, and that growth in developing countries actually contributed to price stability; however, it remained to be seen whether those experiences could be replicated globally.

57. **Ms. Critchlow** (Guyana), speaking on behalf of the Group of 77 and China, said that, as a result of globalization, the gap in knowledge and technology had exacerbated the income divide between developed and developing countries. It was therefore vital to intensify international cooperation in the field of technology. Such cooperation should enhance endogenous capacity-building in developing countries and also promote and finance access to the transfer of environmentally sound technologies and corresponding know-how to those countries on favourable terms, including mutually agreed concessional and preferential terms. It was a source of deep concern to the Group of 77 and China that the United Nations still seemed ill-equipped to deal with current challenges in the field. The Commission on Science and Technology for Development should be strengthened in order to increase its efficiency and effectiveness, including through a review of its working methods, focusing its work more on facilitating transfer of technology and capacity-building in developing countries.

58. As far as the external debt crisis was concerned, the Group of 77 and China welcomed the Cologne initiative and the enhanced HIPC framework which had been adopted at the recent annual meetings of the International Monetary Fund and the World Bank and which held out the promise of faster, deeper and broader relief; a critical factor to its success would be the provision of adequate financing. The Group of 77 and China were therefore concerned about the difficulties being encountered in securing the necessary funding and urged industrialized countries to go beyond pledges made so far in order to assure the full and effective implementation of the initiative.

59. However, funding for the initiative should not affect the support required for other development activities of

developing countries. In that regard, the Group of 77 and China welcomed the agreement reflected in the communiqué of the Development Committee that financing of debt relief should not compromise the financing made available through concessional windows such as the International Development Association (IDA). Debt relief alone was insufficient to achieve the goal of poverty reduction. A broader strategy that took into account the specific problems of least developed countries, non-HIPC low-income countries and middle-income countries was needed. There was also an urgent need to implement appropriate actions in favour of least developed countries, in particular concerning their official bilateral, commercial and multilateral debt as agreed to in the Mid-term Global Review on the Implementation of the Programme of Action for the Least Developed Countries for the 1990s. Special attention must also continue to be given to countries in special situations, such as those ravaged by humanitarian disasters.

60. The Group of 77 and China had given some consideration to measures that could end the external debt crisis. First, new standards for determining the sustainability of external debt could be established, based on the fiscal consequences of the debt burden. Debt sustainability targets should, as a matter of principle, realistically reflect the capacity to pay of the debtor countries concerned. Secondly, debtor Governments and international institutions could agree on a multi-year fiscal scenario that addressed, *inter alia*, macroeconomic stability consistent with non-inflationary financing, domestic rates of taxation consistent with rapid growth, and adequate financing for core public goods, including education, public health and basic infrastructure.

61. That kind of debt reduction programme could then be presented to the Paris Club for consideration. Beyond that, the Group of 77 and China would continue to advocate a global approach that contemplated not only the linkages within countries, but also the critical importance of an enabling environment. Without such a holistic approach, there was little hope of finding a practical and lasting solution to that persistent and pervasive problem.

62. **Mr. Kähkönen** (Finland), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia, said that, in order to ensure that developing countries were not left out of the breathtaking strides being made in information and communications technologies, the establishment of regional and subregional centres for training, research and services in that fast-evolving area should be further encouraged. The European Union welcomed the decision of the Economic and Social Council to further address those issues. It attached a high priority to a steady improvement in the food and health conditions of people and therefore believed that the specific needs of developing countries must be met through concentrating first on the areas of natural resources management, agricultural production and health.

63. The European Union was convinced that the transfer of technology was of paramount importance to the developing countries in order to contribute to the enhancement of national scientific and industrial capacities, including the capacity to innovate. Within that context, it was also crucial to develop technological partnerships. The European Union supported business practices which permitted the rapid dissemination of technologies, in particular to developing countries, while paying due attention to the protection of industrial and intellectual property rights.

64. Technological innovation should be assessed in terms of its economic, social and environmental impact with the participation of all concerned. Capacity-building in science and technology was even more crucial in developing countries than it had been 20 years previously. The international community as a whole needed to learn how to better utilize opportunities and how to meet the challenges arising in that constantly changing sector. Partnerships such as the twinning of universities or research centres had proved to be an effective means of cooperation. Indeed, many scientific institutions, including universities in European countries, had direct bilateral cooperation agreements with their counterparts in a number of developing countries.

65. Mechanisms for access to research results and technologies needed to be further developed, taking into account local and regional needs. Biotechnology was one area where developing countries could benefit from international and regional centres for biotechnology and agricultural research. Technical advances appropriate to small farmers should improve nutritional quality and yield without burdening the environment and requiring considerable investments. An example of cooperation in that field was the development, with European Union financing, of rice plants rich in vitamin A, which might save millions of children in developing countries from becoming blind.

66. Much more remained to be done with respect to the gender aspects of science and technology. For example, the number of women in top positions in scientific and research institutions was still very small. The European Union welcomed the extension of the mandate of the Gender Advisory Board for another two years, by which time it expected to see concrete proposals for improvements in

gender aspects of science and technology for development, especially in developing countries.

67. On the issue of external debt, he noted that the international community should not forget the financial difficulties faced by some middle-income countries. Countries suffering from emergency situations might also require debt relief in addition to and after emergency assistance. It was no coincidence that sub-Saharan African countries had some of the worst social indicators in the world, given the crushing debt burden they carried. There was an urgent need for effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of those countries. The European Union was committed to contributing substantially to implementing such solutions.

68. In that connection, it welcomed the recent decisions of the Development Committee of the World Bank and the Interim Committee of the International Monetary Fund concerning the financing of the enhanced HIPC initiative and the proposals for linking debt relief to poverty reduction, including the proposal that debt relief should be used to support poverty-reduction strategies prepared by national Governments. It welcomed the proposals from IMF and the World Bank that their assistance would be linked to those poverty-reduction strategies, and would work to enable European Union aid, including European Investment Bank financing, to fit within the same framework.

69. The European Union welcomed the decision taken in Washington that IDA resources would not be compromised by financing the initiative. Debt relief for the poorest countries should be financed from additional resources, and not at the expense of ODA funding for developing programmes and projects. The European Union was ready to take a substantial share of the burden. In that connection, European Union countries were prepared to support in the Paris Club an increase in the concession percentage on commercial loans, as well as the renegotiation of official bilateral debt up to 90 per cent, in order to contribute to achieving debt sustainability. The European Union was also prepared to make debt relief contributions of up to 1 billion euros, within the framework of the European Development Fund, to African, Caribbean and Pacific heavily indebted poor countries. A proportion of that contribution would be used to assist the African Development Bank to participate in the HIPC initiative. Paris Club creditors had also made efforts to involve the private sector in the treatment of the debt of developing countries. Beyond the immediate task of reducing the excessive debt burden of developing countries, there was a need to look into preventive measures. They would include ensuring responsible lending and borrowing behaviour. In addition, the debt management capacity of debtor countries should be further strengthened.

70. **Mr. Ferar** (United States of America) said that unsustainable debt was helping to keep too many poor countries and poor people in poverty. Accordingly, the United States along with its Group of Seven partners had endorsed the Cologne debt initiative, which broadened the 1996 HIPC initiative by deepening debt relief, providing faster debt relief through earlier cash flow relief and broadening participation; the number of countries expected to qualify for HIPC would increase from 24 to as many as 33. Debt relief was being undertaken in order to free up resources for development purposes. The Cologne initiative linked debt relief directly to poverty alleviation and development objectives, encouraging countries to target budgetary savings to social expenditures in such areas as health care, child survival and greater transparency in government budgeting.

71. His delegation was encouraged by the progress made by IMF and the World Bank regarding implementation of the enhanced HIPC initiative and urged others to join it in working for a speedy implementation of the initiative, so that eligible countries could begin to benefit as quickly as possible. Referring to the recent announcement by President Clinton that the United States would seek to write off up to 100 per cent of the debt owed by HIPC countries, as needed and when the savings funded by such debt relief would be used by those countries to finance poverty reduction programmes and address the basic human needs of their people, he encouraged other creditor countries to join his Government in that extra effort.

72. While attention continued to be focused on the public debt of the poorest countries, several middle-income countries had also been experiencing difficulties. Countries needed to maintain good working relationships with all creditors in order to ensure continued access to international capital markets. Normally, that meant meeting all debt repayment obligations in full and on time, and maintaining an environment conducive to further investment. In the event that extraordinary circumstances precluded a sovereign nation from temporarily meeting its debt service commitments, the Government should work with creditors in a transparent and timely fashion towards an amicable resolution of the repayment crisis. Rescheduling might also be available for those middle-income and lower-income countries facing imminent danger of default through the Paris Club mechanism, provided that IMF had identified their financing need and that rescheduling took place within the context of an improved economic reform programme. At the same time, countries must not lose sight of how the debt

crisis had come about. Economic reforms must continue or more countries would become enmeshed in the cycle of debt that was so destructive of development.

73. As far as science and technology for development was concerned, the potential effects of advances in science and technology on the achievement of sustainable development were enormous. The advances of the previous two decades, however, had been unevenly distributed among the world's population. In order to bolster the capacity of developing nations to take advantage of science and technology developments, it was necessary to eliminate illiteracy and increase investment in higher education. Women must be ensured equal access to education, and public research must be encouraged to safeguard local interest and to strengthen the ability to assimilate acquired technologies and attract trade and technology partners. The international community had a role in promoting those mechanisms. While his delegation welcomed an active and analytical role by the Commission on Science and Technology for Development, it believed that the Commission's activities should complement and not duplicate related activities elsewhere in the United Nations system. The value added of the Commission's work came from its technical working groups. With the exception of limited analytical work by the Secretariat, the Commission's activities should be funded from extrabudgetary resources.

The meeting rose at 6.05 p.m.